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**UNDERSTANDING THE EFFECTIVENESS  
OF PERFORMANCE MANAGEMENT  
SYSTEMS WITHIN FOOD RETAIL  
INDUSTRY (CONVENIENCE STORES)**

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**By**  
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## **ABSTRACT**

This study investigated the applicability and relevance of the current performance management systems and measures to the food retail industry (Sainsbury's Convenience stores). The aim was to identify ways to enhance performance of under-achieving stores through the use of effective and efficient performance management processes and measurements. The main question was about identifying causal effects relating to some stores constantly achieving their budget while others continually under-perform, regardless of the status of the person managing them. The initial consideration was to investigate whether the current performance management systems and measures are suitable for a convenience food retail industry, additionally whether the current performance review forms were fit for purpose.

In the past, most of the models that existed had a construct that was very much orientated towards production (Butler et al., 2004). Therefore, this study was structured so that there was a variance to this discourse. This was achieved by exploring the debates on the different high performance management models, also any other models that are associated with performance management. In order to acquire a better understanding also to justify the deviation from production/manufacturing performance management models to a tailor-made food retail performance management system, a mixture of qualitative and quantitative inquiry was done. This consisted of in-depth interviews, multiply case studies of six stores and a structured survey.

As a response, to these concerns, the researcher created a new model of performance management highlighting the areas of convenience business units that generally affect the attainment of the organisational goals. This thesis also presents some interesting evidence regarding understanding, interpretation and implementation of corporate strategies within the convenience business units. Equally, in some stores, there was no correlation between the capabilities of the persons managing the stores with the actual performance of the stores. Furthermore, the research findings revealed a weakness in the current performance review system and training programmes. Conversely, there were contradicting performance measures on the scorecard which affected the performance of the stores.

## **Declaration**

*I declare that the research portfolio and the work entitled “Understanding the effectiveness of performance management systems within food retail industry (convenience stores)”, embodies the results of my own efforts. Any ideas, data, graphs, tables, figures or text resulting from the work of others have been identified as such within the work and ascribed to the originator in the text, references, bibliography or in the footnotes.*

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## **Acronyms**

<b>AM</b>	<b>-Area Manager</b>
<b>AHRM</b>	<b>- Area Human Resource Manager</b>
<b>BPR</b>	<b>- Business process re-engineering</b>
<b>CPR</b>	<b>-Colleague Performance Review</b>
<b>HPM</b>	<b>-High Performance Management</b>
<b>HRM</b>	<b>-Human Resource Management</b>
<b>HPWP</b>	<b>-High Performance Work Practice</b>
<b>HPWS</b>	<b>-High Performance Work System</b>
<b>HPWO</b>	<b>-High Performance Work Organisation</b>
<b>JIT</b>	<b>- Just in time stock management system</b>
<b>KPI</b>	<b>- Key Performance Indicator</b>
<b>LTT</b>	<b>- License to trade</b>
<b>MAC</b>	<b>- Mystery Accountability check</b>
<b>MCM</b>	<b>-Mystery Customers Measure</b>
<b>PDR</b>	<b>-Performance Management Review</b>
<b>PM</b>	<b>-Performance Management</b>
<b>PRS</b>	<b>-Performance Review System</b>
<b>SAP</b>	<b>-Store Accountable Profit</b>
<b>SBU</b>	<b>- Strategic Business Units</b>
<b>SCC</b>	<b>- Store Controlled Costs</b>
<b>SHRM</b>	<b>- Strategic Human Resource Management</b>

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 UNDERSTANDING PERFORMANCE MANAGEMENT IN CONVENIENCE (FOOD) STORES**

The research area is about 'Understanding the performance management system within food retail industry - convenience stores and the root cause of underperformance'. As intermitted by Trauth (2001), one needs to have an understanding of what is already known about performance management in the retail sector, specifically convenience stores in order to understand what is 'new'.

### **1.2 BACKGROUND**

J Sainsbury's Supermarket Plc. (JS) has been running as a business for over 140 years. The business started as a family business selling food and later grew into a huge corporation which has diversified into other lines of businesses too. The core business is still food retailing and up until the mid '90s the main strategic focus was to sell the products through the large supermarkets (often referred to as main business or supermarket). However, for the last 15 years or so JS ventured into smaller supermarkets which are often referred to as convenience stores (or Locals) because of the opening hours and the locations. Whilst the supermarkets have 100-800 members of staff with hierarchy of managers and team leaders, convenience stores on the other hand turn to be flat structured (in some cases only one member management), with only 13-70 members of staff.

When the convenience store were initially setup most of the process mirrored what was already happening in the supermarkets and even when new processes were setup, they too had to be uniform to the supermarkets. As time went by it became evident that the 'one size fit all' approach was not working effectively and efficiently in the convenience stores. Over the last few years a lot of processes and policies have been tailored to fit convenience however the HR polices and process are still uniform with the main supermarkets. Performance Management System and Performance Measurements are the two main ones which are currently contentious.

Notably, performance management within JS is mostly associated with the staff performance reviews, which mainly focuses on the financial and (a small fraction of) non-financial results.

To expand the concept further, the current performance system is based on the results on the scorecards and behaviours. The main drivers to the outcome of a performance review are the results on the periodic and yearly scorecards. The fact that the information on the scorecard reflects only figures with no further explanation makes the performance review meeting more controversial in an instance where the store has not achieved its targets and there has been underlying causes which are not within the control of the person being reviewed. Although the JS scorecard has a small fraction of non-financial results, the standard practice is more focused on the financial results. The critics of this theory, for instance, highlight the fact that using profit as the only performance measure encourages short termism (Kaplan, 1983 and Maskell, 1991).

### 1.3 AIM

In view of the above, the purpose of the research was therefore to develop a performance measurement or framework that would take into account not only the key drivers of business performance but other major occurrence which have major impact on the store results. By so doing convenience stores' performance management will target the actual problems rather than what the reviewer perceives. The aspirations are such that performance management meetings will be less subjective and more objective, with store managers looking forward to attend their performance reviews.

### 1.4 RESEARCH QUESTION

Conversely, in order to ascertain what would be considered as best practice in regard to performance management within convenience stores, it was imperative to acquire in-depth knowledge of the key performance drivers for convenience stores. Therefore, the question which we were seeking to address was as follows; ***'why do some stores continue to perform well regardless of who is managing them while others continue to under-perform and yet both are operating under the same policies'?***

### 1.5 OBJECTIVE

The main objective of the research was not only to answer the research question which is stated above, but also to use the framework that has been developed so as to measure performance of underperforming convenience stores in a broader sense, rather than in one

specific area such as people management. Therefore, the evaluation was broken into three phases as follows:

- Initially to investigate whether the current models on performance management systems and measures are suitable for a convenience food retail industry.
- Additionally, to investigate whether the current performance review forms are fit for purpose?
- Make recommendations of a performance management system which would work for food retail industry (convenience stores to be specific).

## 1.6 PERFORMANCE MANAGEMENT MODELS OVERVIEW

The disciplines associated with this research area which were considered were as follows:

- High Performance Management Systems (HPMS) – High Performance Management (HPM), High Performance Work Organisation (HPWO), High Performance Work Practice (HPWP), High Performance Work System (HPWS) and Strategic Human Resource Management (SHRM)

Table 1.6 Summary of models discussed

Model	Key aspect
<b>HPM</b>	Gives employee higher job discretion (empowerment), commitment and intrinsic rewards,  Taps in tacit knowledge
<b>HPWO</b>	management capability and also emphasizes in investing in skills and abilities
<b>HPWP</b>	to empower, develop and encourage employees to work more effectively, also focuses on employees capabilities (Oztitzky and Frenkel 2005)
<b>HPWS</b>	Developing a more talented and committed workforce and also focuses on organizing work system.
<b>SHRM</b>	Focuses on the contributions that human resources strategies make to organisational effectiveness

(Sourced from this study)

- Corporate strategies - those that are directly associated with performance enhancement,
- Leadership (senior management) – capabilities and competence
- Operation management – operation capability in regard to implementation of strategies and policies
- Performance measures – benchmarks and balanced scorecard
- Human Resource management – appraisal system, reward and training.

Particularly, the literature review showed that in the recent past, new (high-performance) models that have been developed also focus on enhancing organisational performance through strategic human resource management. Primarily, there is no prior reason to exclude the application of high performance management models such as high-performance work systems (Danford et al., 2004), high-involvement work systems (Harmon et al., 2003) and high-commitment management (Baird, 2002)) from the service/retail sector, however there remains insufficient data actually exploring their applicability to food retail industry (Butler et al. 2004 p4).

Based on the literature review of the above disciplines, there are several sub-criteria that described performance management in detail that were used as a guide. The literature revealed that if a strategic business unit (store) implements sustainable corporate strategies, has competent store management team, benchmarks itself with high-flyers and has fair appraisal system then the performance will be excellent. However, this was not the case in real life situation; they were and still are stores which are constantly performing well, others poorly and yet another group of stores has performance results which keep changing from good to bad and vice versa.

Furthermore, once the knowledge gap was identified it became imperative to determine the key characteristics of the phenomenon which had to be investigated in a real life situation; this helped to justify the use of a broader framework to act as a guiding process of how the research was to be approached. This is based on the argument that the phenomenon of performance management is one which possesses a range of characteristics/co-existing phenomena, some which are observable i.e. customer services and adherence to processes, whilst others like talkback audit results can only be contextualised.

## **1.7 METHODOLOGY OVERVIEW**

Bearing this in mind, the research methodology involved identifying the research discipline context of the research so that the literature and theory produced before the current research could be examined (Webster and Watson 2002) and used to provide a strong theoretical foundation for how to investigate the phenomenon. Subsequently, an inductive philosophic stance was considered appropriate, with interpretivism approach being adopted as the main approach. Conversely, the research designs which were considered appropriate to acquire more knowledge were; multiple case studies, in-depth interviews with the senior members of management and survey for the junior members of staff:

In order to validate the outcome, the underlying assumption during the research was that:

- All stores operate under the same J. Sainsbury's policies, rules and regulations
- They all have the same performance measures, i.e. the periodic balanced scorecard and half/yearly performance reviews
- They all fall in the same cluster i.e. neighbourhood stores.

The research also implied that the performance results as recorded on the periodic balanced scorecard were precise and comparable. The balanced scorecard is published every four weeks (often referred to as a period), this includes the following information; sales, labour cost, talkback survey results, known losses (wastage), unknown losses (shrinkage), mystery customers measure (MCM), mystery product availability check (MAC), licence to trade audit (LTT) and training index (TCI). In addition adherence to process measures was also included in the performance review.

As the research progressed it became apparent that, in order to fully investigate the research problem the following sub-questions needed to be considered:

- What performance management considerations should be taken into account to identify an underperforming store?
- Does achieving targets set on the scorecard entail good performance management?

Do performance measurements capture other key drivers which are not on the scorecard to facilitate a quality performance appraisal i.e. new or closure of competition, refrigeration breakdowns or major road work?

## **1.8 PERFORMANCE REVIEW BASED ON THE JS INFORMATION**

Furthermore, the research conducted at JS progressed through the review and analysis of the information derived from the following sources-;

- By reviewing the Southern region Scorecard for the financial 2009/10 and comparing the store performance on the different key performance drivers.
- By conducting in-depth interviews with senior management to cover operational and strategic management i.e. 2 Area Managers, 4 Directors and 2 area Personnel Managers
- By exploring the store performance through multiple case studies of six different convenience neighbourhood stores in the Southern Region with Queens Park (QPL) being the control store
- By conducting a quantitative research on junior staff that are the implementers of the policies and also influence four of the key performance drivers i.e. MCM, MAC, LTT and Talkback audits.

## **1.9 ETHICAL CONSIDERATION**

A further consideration in this research was the positioning of 'self'. Trauth (2001) contends that there are five major influencing factors on ones approach to any research. However, the research problem and the characteristics of the phenomenon were addressed in the research construct, while the academic politics were closely related to the research disciplines as discussed above. The argument is that the researcher's own individual mind-set, biases, skills and knowledge become an intrinsic part of the research process (Janesick 2000). This research was based on the fact that as an interpretivism researcher one has to recognise the bias that may affect the research. In fact Krieger (1991) argues that the realisation of 'self' 'is in fact "fundamental to qualitative research. In addition the realisation of self provides an additional resource upon which research results can be viewed or interpreted (Olesen 2000).

## **1.10 RESEARCH OUTCOME OVERVIEW**

This study was about understanding the performance management system within convenience stores so that the underlying causes of poor performance can be identified and dealt with in a justified way. Significantly, whenever the topic of performance management is discussed, be it in an organisation or in certain academic circles, the deliberation automatically centres on staff capability, motivation, empowerment, skills etc. (Bulter et al., 2004, Thompson et. al., 2005, Appelbaum et. al., 2000). Therefore it is not surprising that the same discussion arose during the interviews with seniors members of management. In the first instance questions were raised around the capability/skills of the manager and the staff in store which was not achieving its budget. This concept is based on the assumption that the performance of store mirrors the performance of the staff.

However, the argument is that if a highly skilled manager has be given a difficult store to manage, so that they can use their skills and capability to turn the performance around, as long as the store is still underperforming s/he will be classified as an underperformers. On the other hand a store manager who is in store which has favourable business opportunities (i.e. next to a busy tube station), will be considered as a highflyer, even if s/he do not have the skills and the capabilities of the other store manager.

The case studies showed discrepancies between the actual scorecard results and what was transpiring in the stores. Four of the stores that had showed good performance results on the scorecard were ineffectual in their operational capabilities. Only two had scorecard results that mirrored what was really happening in store. These findings reinforced the idea of reviewing the performance of the staff and the store from a different angle (based on the new framework) rather than the traditional scorecard.

In addition the survey results showed that junior members of staff were happy to work for JS and being part of their store time. However there was little correlation between learning and development with job satisfaction this may be attributed to the low priority that convenience stores give to training due to labour budget constraints. The junior staff also indicated that they would happier with more staff being recruited for the stores. The performance review system in JS revealed the need for the review forms to be tailored to fit purpose, conversely it was quite evident that reviewers should be given more autonomy to make judge calls where need be, rather just go by the colour of the scorecard. Additionally the case study revealed



that not all staff had a performance review with them by their managers. Therefore, there should be a robust diary system should be in place for the review of the staff (colleagues).

### **1.11 CONCLUSION OVERVIEW**

This study is extremely important as understanding the concept of performance management is crucial to the convenience stores (SBUs) as they are more difficult to manage and also going forward convenience business is presumed to be the new way of running food retail business at a local level (based on 2010 JS Managers' Conference observations). It is also quite apparent that in the last decade all the top three supermarkets (excluding Asda- although the company has now decided to join the race) are investing heavily in this line of business. It can hence be deduced that going forward most, if not all, the big food retailers will have more in numbers of the convenience stores than the big supermarkets. Surprisingly enough, as much as JS and the others are investing heavily in this line of business not all of the stores are trading profitably, in fact some have been closed due to poor performance (extract from the HRD's interview).

### **1.12 THESIS OUTLINE**

This thesis is divided in 9 chapters,

Chapter 1 – is the introduction to the paper, therefore it outlines what the paper is about.

Chapter 2 – It the literature review of what has generally been written on performance management and also the literature relating to what should also be considered going forward.

Chapter 3- describes the methodology adopted and highlights the rationale behind the choice. Fundamentally, the research question highlighted the need to choose the methodology which would yield the best results.

Chapter 4 – Describes the in-depth interviews which were carried out with senior managers from diverse backgrounds, holding different positions in order to determine how the combinations of different philosophies could be used to enhance performance.

Chapter – 5 the effectiveness of performance measures were analysed in this chapter

Chapter – 6 Discusses the 'multiple' case studies that were conducted on the six different stores in and outside of the M25.

Chapter – 7 In this chapter customer service assistants were also given an opportunity to express their views by responding to the questionnaires that were sent to their stores and also during the case study. This chapter also encompass the performance review tools

Chapter - 8 concludes and propose recommendation that can be adopted

Chapter – 9 is a reflection on went well and what could have been done differently

Generally the approach in this research was based on the argument that in a food retailing environment the performance of an individual is a reflection of organisation's performance which subsequently is anchored on the strategic goals and plans that it has put in place, and also the implementation of these goals and the measurement of the end results (Kaplan and Norton 1996). In addition, in order to encourage the achievement of goals, there is a need for performance management to be in congruent with company strategy (Nanni et al.'s1992). This re-enforced the concept that organisations should not only look at people performance, store results and performance measurement in isolation but should also take into account other models which have been developed in the recent past. .

## **CHAPTER 2**

### **LITERATURE REVIEW ON PERFORMANCE MANAGEMENT**

#### **2.1 ANALYTICAL STUDY OF PERFORMANCE MANAGEMENT**

Neely (1999) states that identifying the determinants of business performance is a topic in which progress, if not interest, seems to wax and wane over the years; however, it is a topic that can no longer be ignored in view of the volatile economic situation all around the world (cited in Adcroft and Willis 2005). The variance in the interpretation of performance management in theory as well as in practice is so evident depending on who you are talking to; for instance their position and department within the company. Hence, it is vital to fathom the concept behind performance management before we proceed with the analysis of what makes performance good or bad in a store,

Notably, many times in the literature, when researchers look at performance management, they either look at Human Resource Management (HRM), productivity and performance management, process management, corporate strategic management and financial management in isolation or sometimes a combination of a few but not all of them together (Armstrong 2004, Schwartz 1999, Butler et. al., 2004). Equally the definitions of performance management are different, as will be noted below. The research paper contains the different interpretation of performance management theories which are particularly relevant to the food retailing sector. Additionally we will also review the different literature relevant to performance measures that are used by food retail organisations.

Additionally, performance management is described as that which connotes an interlocking set of policies and practices that have, as their focus, the enhanced achievement of organisational objectives through a concentration on individual performance (Storey and Sission, 1993).

Conversely, performance management is also defined as a strategic and integrated process that delivers sustained success to organisations by improving the performance of the people and also developing the capabilities of individuals in terms of their contributions to the teams (Armstrong 1999). In such an instance, the first step to take is to fully understanding the employees' jobs, so that appropriate standards can be set for the employees (Schwartz, 1999). Hence, it would be imperative to review the job descriptions and job duties. Furthermore,

performance management can be considered as a function of inputs (capabilities) as well as outputs (the achievement of objectives); this is a different view to explore (Armstrong, 1999 p430).

Having defined performance management from the strategic point of view to the operational point of view, the caveat is that, there exists no such thing as a definite study that proves that strategic management causes better performance. Subsequently, the varying views of what contributes to the organisational performance is said to have stimulated a lot of research from a variety of academic disciplines ranging from political economy to ethnographic sociology (Butler et al., 2004 p3). In the recent past there has been a lot of debate on the performance drivers most of which are discussed in the 'high performance' models, hence will be incorporated in this chapter.

As indicated above the focal point lately has been a generation of concepts on driving performance in organisation therefore, there has been a lot of 'high performance' models that have been developed over the last decade. The table below shows some of the popular ones.

**Table 2.1 The Lexicon of Post-Fordist Production**

Terminology	Studies	Dominant emphasis
<b>High-performance work Systems</b>	Appelbaum et al.(2000) Danford et al. (2004) Farias et al. (1998) Harley (2002) Ramsay et al. (2000) Thompson (2003)	Production management
<b>High-performance work Practices</b>	Handel and Gittleman (2004)	
<b>High-performance work Organisation</b>	Ashton and Sung (2002) Lloyd and Payne (2004)	
<b>High-involvement work Systems</b>	Edwards and Wright (2001) Felstead and Gallie (2002) Harmon et al. (2003)	Work organisation
<b>High-involvement work practices</b>	Fuertes and Sánchez (2003)	
<b>High-performance Practices</b>	Goddard (2004)	
<b>High-involvement Management</b>	Forth and Millward (2004)	
<b>High-performance employment systems</b>	Brown and Reich (1997)	
<b>High-commitment Management</b>	Baird (2002) Whitfield and Poole (1997)	Employee Relation

(Sourced from Butler et al 2004 in the Learning as Work Research Paper no 1)

Apart from HPWS (which includes work systems) all the other models focus on employee's ability to perform well in order to achieve a high performance within the organisation. The literature review on the High-Performance Work Systems (HPWS) model suggests a mechanistic route to sales and revenue growth through quality management (QM) techniques such as statistical process control and conformity evaluation (Butler et. al., 2004 p4). More so, this model has been widely discussed by successive generations of quality gurus, namely Crosby, Deming, Feigenbaum and Duran (cf. Dale, 2003, for a review). Under this formulation, the significant roles are those occupied by senior managers and quality professionals (Butler et al 2004, p4). In addition (discussed by the same theorists), High-Commitment Management, has formal theoretical expression via the concept of human resource management (HRM), which emphasises the importance of all organisational players.

Particularly, Orlitzky and Frenkel., (2005 p1327) assumes that management's unilateral action in developing HRM strategy and practice will enable employees to develop their capabilities, thereby influencing performance. Additionally, from the HRM perspective, performance management is based on the concept that has its emphasis on using performance appraisal as a platform for establishing targets and making a range of decisions aimed at improving the performance of employees in organisations as defined by most high performance models (Fletcher, 1993, Thompson 2005, Orlitzky and Frenkel, 2005, Ericksen et. al., 2005, Bulter et. al., 2004).

Significantly, advocates of Strategic Human Resource model (SHRM) state that it is concerned with the contributions that human resources strategies make to organisational effectiveness and the way in which they are achieved (Ericksen et al 2005, p 907). Having said that, it can be argued that most of the high performance models are based on other industries other than food retailing industries; convenience stores to be specific. The latter type of business is run in a precipitous way that it calls for a new model which would take into account points that may not be normally be considered, i.e. in a production industry or a slow paced business. Significantly, managing staff performance is just a fraction of the components that facilitates high performance within an organisation. There are a lot of other factors that can influence performance in one way or the other.

Perhaps worth noting within the food retail industry is the fact that the overall performance of the store will influence the perception of reviewers regarding the performance of the

individuals within that store. It is therefore imperative to consider in addition other factors of the business that may affect the performance of the store and influence the performance of staff. Significant in this respect is the work by Ashton and Sung (2002, p17) cited by Butler et al., (2004, p14) which states, that when it comes to performance management, high performance models based on Human Resource Management (HRM) should be reviewed jointly with non-HRM models in order to enhance performance, especially for the underperforming stores.

In addition consideration should be taken in regard to processes within the organisations. High Performance Work System (HPWS) model does take that into account. HPWS is said to originate from the socio-technical systems theory, hence is more focussed on the interrelationships among people, process and technology (Ericksen et. al., 2005). Therefore, the concepts behind store processes such as Just in Time (JIT) system, business process re-engineering (BPR) and store operation processes will be discussed in details in this chapter.

The argument surrounding processes as performance drivers was stated in the early work that emphasizes the 'organisational logic' in favour of matching HPWS to flexible production systems and control-oriented HR strategies to classic mass production approaches Ericksen et al (2005, p915). Hence, Ericksen et al (2005, p915) cites Appelbaum et al (2000) as stating that HPWS research found that enhancing workforce competence, expanding employee discretion and participation and bolstering employee commitment and motivation result in greater performance regardless of the work system employed.

In addition the instruments used to measure performance such as scorecard and benchmarks are equally vital as what may be acceptable as good performance in one organisation may not be the case in another. Subsequently it is worth reviewing the research literature encompassing the different performance measurements. One of the most influential works on organisational design by Huber et al. (1979) (cited by Adcroft and Teckman 2008, p602), suggests that the first step towards success is the identification and measurement of the "relevant" variables, only after this is done can interventions be designed, applied and, ultimately, assessed for efficacy. One problem with this is the extent to which such a deconstructive approach accurately reflects the reality of organisational processes (Adcroft and Teckman 2008 p602). Additionally Adcroft and Teckman (2008 p602) suggest that the more individual variables are identified and measured, the less the whole service or

organisation is being assessed, especially when these measures can be chosen to cynically influence the perceived outcome.

In dealing with this issue, Williams et al. (1993) suggest that any sensible choice of measures must always include a combination of internal (organisational) and external (environmental) variables, which has the benefit of providing more accuracy but the drawback of making understanding necessarily more complex and difficult (cited in Adcroft and Teckman 2008 p602). Keep (2000) is also cited to suggest that this can be resolved if performance is examined in terms of both “demand and supply side interventions” and this is supported by Kaplan and Norton’s (1992 p72) who point out that managers should be able to view performance in several areas simultaneously. In conclusion, Modell (2004) is also cited as having asked the question as follows; “how does the interplay between different collectives of actors within organisations and the institutional macro environment ... influence organisational actions” (cited in Adcroft and Teckman 2008 p603)? On a different but still relevant note, the synergies and complementariness between the business process re-engineering (BPR) and performance enhancement literature will be briefly explored later in this chapter.

One of the main advantages of reviewing different concepts prior to adopting a theoretical stance is that “a substantial body of literature on performance management has developed since the 1970s” (Boland and Fowler, 2000 p 417 cited in Adcroft and Teckman 2008 p602) and this body of work has meant that there has been a revolution in performance measurement and performance management over the past 40 years with the enormous interest reflecting itself in practitioner and academic conferences and papers (Radnor and McGuire, 2000). However, as with many social scientific things, volume does not necessarily equate to consensus Lloyd and Payne (2004, p13).

Conversely, there are a wide range of internal and external factors that will affect the performance of the store but for the purpose of this research we will focus on the factors that the organisation may have control over or can influence. Significantly the discussions surrendering the shortcoming of the some performance models paves way to include other business models which can enhance performance if applied in an organisation. Hence, other theories will be considered in view of the disparity in the way performance management is defined, more in line with what is construed to contribute to high performance of the

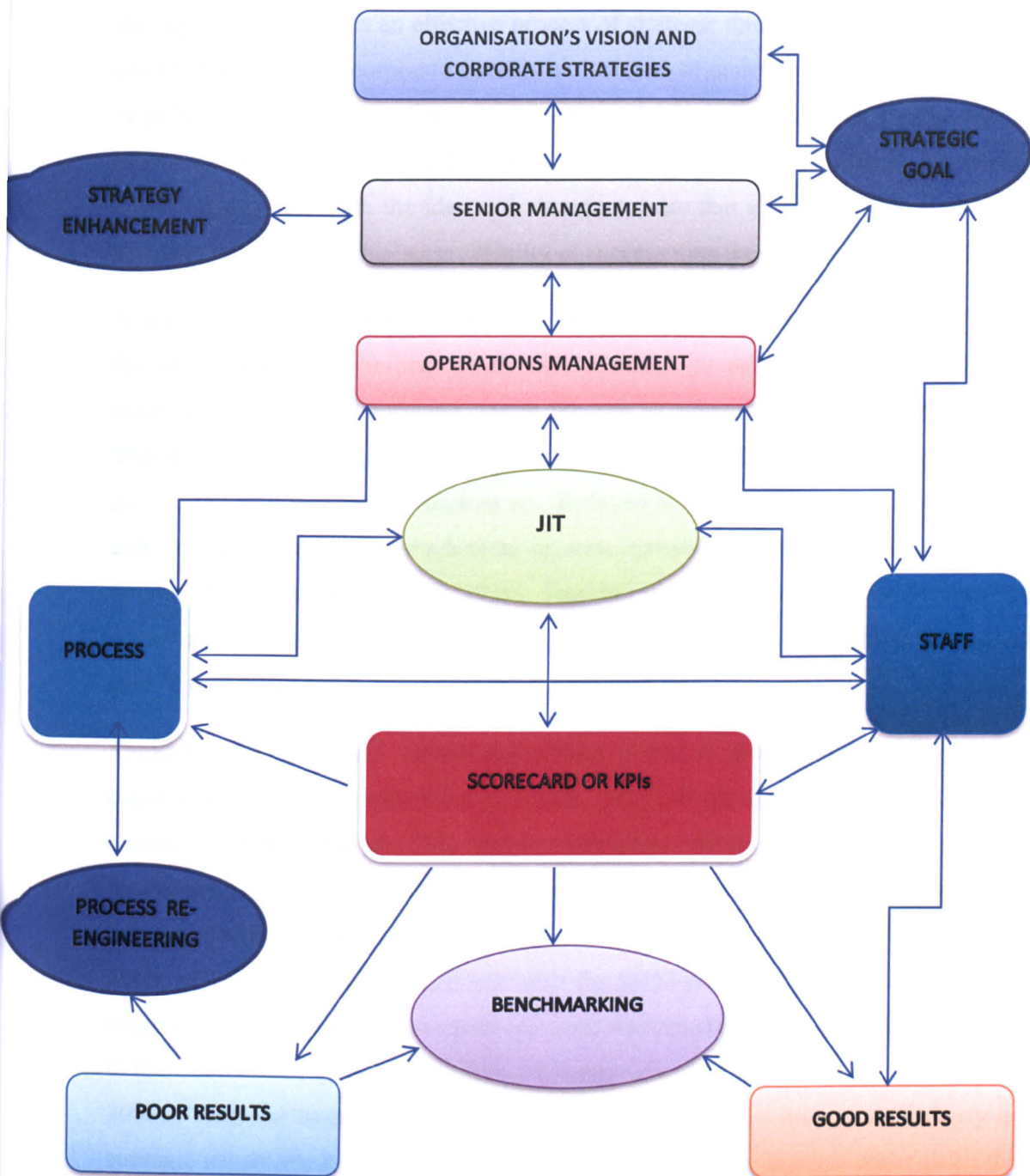


organisation within the same organisation. However, the main thrust of this paper will be more to do with the internal environment than the external environment.

Therefore, the paradigm below is being used as a framework to review the literature associated with internal factors that influence the performance of the stores hence the incumbents

Figure 2.1 designed by Mirriam Bwalya

**Convenience Store Performance Management (CSPM) model**



Extract from this study

For analytical purposes, this section will be subdivided into seven research streams: corporate view, senior and operation managers' influences, processes, staff, measurements such as balanced scorecards and benchmarking.

### **2.1.2 PERFORMANCE MANAGEMENT FROM A CORPORATE POINT OF VIEW**

The argument in favour of having a corporate strategy in relation to performance management is that it is an effective process of strategic thinking. This is based on Lowson's (2007) description of corporate strategy as being an organisation's sense of purpose, a guide or policy, a focus statement, even a philosophy; for the achievement of an objective, which in most cases is attaining its profit year on year and a sustainable business. Jauch and Glueck (1988) also concur with the idea and, therefore, state that a business with a formal strategic planning process has a higher probability of success than those without a formal process.

In addition, corporate strategy should be designed, as described by Porter (1985), to identify the organisation's capability, which will enable it to add superior value to its targeted customers or, in some instances, lower the cost to compete favourably with other retailers. The strategic capability of an organisation results from the resources that it owns or can access, the way that these resources are deployed to create competence in specific activities and, crucially, the way in which these separate activities are linked together, both inside and outside the organisation (Porter 1985). Together these resources and competence enable the organisation to create products or services that are regarded as good value for money by the user. By so doing this will enhance the overall performance.

Typically, the threshold capabilities cannot create a competitive advantage unless the organisation has what Johnson et al. (2008, p97) call distinctive or unique capabilities that competitors cannot imitate. The unique capabilities will be in the form of resources (those that critically underpin competitive advantage) or core competencies (activities and processes through which resources are deployed) that cannot be imitated by competitors (Johnson et al. 2008, p97). This argument is in line with the HPM concept, however as already indicated when senior management move between organisations they transport their unique capabilities to their new roles therefore nullifying the argument of inimitable capabilities (Johnson et al. 2008, p102). Furthermore, Johnson et al. (2008, p227) argue that cost efficiency is another strategic capability that the organisation should strive for to try and under-price their rivals while offering similar value. However, this has been criticised on the basis that the competitive advantage may not be sustained in some areas of business as there are some products that have a price inelasticity of demand because they are targeted at a niche market that is more interested in the brand name than the price.

Furthermore, consideration should be given to the fact that meeting the customers' needs is the main purpose of the business of any organisation; therefore, it is essential that strategic capabilities should be able to sustain the competitive advantage over a period of time for an organisation to survive in the long term (Johnson et al 2008 p101-102). Particularly, Tampoe et al (2000) states that the strategic capabilities of an organisation result from the resources that it owns or can access, the way that these resources are deployed to create a competence in specific activities and, crucially, the way in which these separate activities are linked together, both inside and outside the organisation. This view point is line with the high performance theories discussed earlier on as the argument is that together these resources and competence enable the organisation to create products and services that are regarded as good value for money by users (Butler et al 2004). A further argument is that organisational knowledge can also create a sustainable competitive advantage (Johnson et al 2008 p107). However, this may not be the case in retail industry due to the high mobility of employees. Both explicit and tacit knowledge can be transferred between organisations and easily imitated. This concept is a contrast to the HPM theory.

A significant analysis is that given by Peters and Waterman (1982), who emphasize that strategic planning integrated with a good understanding of own competitive advantage is the most important success factor. At a corporate level, an organisation will be regarded as a higher performer when it has a competitive advantage over its rivals and if its profitability exceeds that of all other companies competing for the same set of customers (Porter 1985). In addition, a company is said to have a sustainable competitive advantage when its strategies enable it to maintain above-average profitability for a number of years. Competitive advantage can also be created by identifying a competitive strategy that will position the organisation in a distinctive place through the maximum use of its core competency (Ohmae 1999 and Porter 1996). Research has shown that the competitive advantage needs to come from a number of sources and not just one. Furthermore, Hamel and Prahalad (1990) and Ohmae (1999), state that a specific combination of competitive advantages makes an organisation distinctive and this leads to superior performance.

In addition to a strategic plan it is imperative to have a strategic focus as it is a guiding principle that differentiate one company from the another (Wade and Recardo 2001 p17). It is argued that a strategic focus will drive the way a company markets its products and also how it allocates its resources and sets the context for everything from performance measures to

corporate-wide initiatives (Wade and Recardo 2001 p32). Having discussed the above, research has shown that in most situations corporate strategy is not simply a matter of taking a strategic decision and then implementing it. In fact, Nanni et al. (1992) argue that in order to encourage the achievement of goals, performance management should be congruent with company strategy.

Porter (1980) depicts performance management from a different angle. He suggests that firms, coping with the competitive forces, can adopt one of the three generic strategies to acquire a superior performance. Otherwise, a company will fail to achieve a reasonable position, which in turn will cause its performance to deteriorate. Porter (1980, 1985) further argues that generic strategies (cost leadership, differentiation and focus strategies) are approaches that are used by an organisation to outperform competitors in the industry.

Porter's definition sees performance management as being based on the external environment. His argument is supported by Stacey (1993), who states that companies seek to outperform their rivals by following one of the competitive generic strategies stated above. However, Hall (1980) challenges the above argument by stating that most successful firms researched pursue both a differentiation and a low-cost strategy simultaneously. Nevertheless, Porter's model still provides a framework to explain the process of gaining competitive advantage. On the contrary, the argument against Porter's models is that the volatility of the business environment due to technology innovation is such that sustaining a competitive advantage on a very long-term basis may not be feasible (Porter 1980, 1985)

However, Rolstadas (1995) in a way supports Porter's framework but he goes a step further by suggesting that performance management not only involves successful implementation of competitive strategies but also radical rethinking of how management is performed. Top management support is not enough anymore. Action is required to change the way management is performed. In his research Rolstadas (1995) observes that the old productivity paradigm is still dominating management attitudes in most companies. In addition, Miller and Roth (1988) in their USA manufacturing futures survey also argue that the traditional management approach leads to significantly less productivity improvement than time-focused management. The argument is that management is aware of the need to adapt to a new paradigm and most strategies and approaches that have been developed in the recent past have had several common characteristics and a similar focus.

- Customer satisfaction
- Business process
- Continuous improvement
- Interdepartmental improvement
- Teamwork
- Time as a critical success factor.

Furthermore, PIM's theory states that high quality and strong market share can make a positive contribution to profitability. Lynch (1997) also concurs by indicating that there is empirical evidence based on PIM's database that states that there is a connection between strategic action and the results in terms of profitability; however, this theory is not absolute. Lynch (1996, p9) identifies that an organisation should have a vision that has the ability to propel it forward in a significant way beyond its current environment. Therefore, the corporate strategies drawn should be seen to add long-term value to the organisation, together with the processes adopted to implement the strategy that would also add to its value

On the other hand, Johnson, et al. (2008, p95) describes the strategic capability of resources as the adequacy and suitability of resources and competence of an organisation necessary for it to survive and prosper. Indeed, there should be a distinction between capabilities that are at a threshold level and those that might help the organisation to achieve competitive advantage.

The preceding discussions were on different performance management models and how they affect the performance at a corporate level. Subsequently, the high performance models were reviewed and analysed based on their contribution towards the organisation's outcomes (financial and non-results).

Moreso, Bulter et al (2004, p7), state that a large body of literature has existed for some years exploring the virtues of High Performance Model (HPM) and in recent years, a more thoughtful stream of work has emerged less inclined to reify HPM into a phenomenon independent of context. These researchers also claim that the body of work has its origin from the institutional approach (citation of commentators such as Hall and Soskice, 2001). The essence of this position is that the macro-institutional framework within which firms operate

serves to influence and restrict available business strategies (Butler et al 2004, p14). In addition, Ashton and Sung, (2002, p17), articulates as follows; 'First and foremost, stringent scientific research has now established a strong link between the use of human resource practices and enhanced performance across a range of indicators, but especially in productivity and, crucially, profitability'. The argument behind this concept is that, investment in these practices and the skills associated with them pays off on the bottom line.

Echoing the same sentiments Whitfield and Poole (1997, p755) cites Ashton and Sung (2002) as stating that there are links between the two practices. Having said that, the issue of the direction of causality also can't be ignored and therefore need to be taken into account. It is possible that the findings reflect that more successful firms use their competitive success as a basis to build more innovative practices (Butler et al., 2004, p15). However, Butler et al., (2004, p15) argue that they now have the benefit of studies that have utilised a more rigorous longitudinal methodology (cf. Ichniowski and Patterson et al. cited in Ashton and Sung, 2002 and also Appelbaum et al., 2000). These studies demonstrate that, at least in these instances, it is the implementation of high performance managerial practices that produce improvements in performance and not vice versa Butler et al (2004 p15).

Another discussion concerns Wood's (1999, p368) debate; the debate is whether high-performance systems will universally outperform all other systems or whether the optimal system is relative to the circumstances of the firm. Pursuing this theme, Wood (1999) draws upon Porter's conceptual distinction between two generic approaches, cost minimisation and innovative/quality strategies, as a basis on which to differentiate contexts (Butler et al., 2004, p15). Schuler and Jackson (cited in Wood, 1999 and in Bulter et al 2005 p15) have articulated the need to link, on the one hand, a Taylorism control approach with cost minimisation, and HPM to a quality-orientated strategy on the other.

On a different note it has been argued that because HPM involves high short-run costs, therefore it is a difficult strategy for many firms to pursue, particularly in the face of competition from cost minimising firms following a 'low road' approach to competition (Konzelmann and Forrant, 2000, p6). From this discussion it can be deduced that HPM model is clearly best fit rather than best practice therefore a suitable solution only in certain circumstances. Butler et al., (2004, p16) states that significant in this respect is recent research by Ashton and Sung (2002, p165) who cite a case study organisation that having

gone down the HPM route, was having second thoughts following costs incurred through staff turnover, changes in company procedures and the need for extensive re-training. They acknowledged that 'it may be that the costs involved are so high that it pays companies operating in low-added markets to remain with the old system' (Ashton and Sung 2002 p166).

At present, it is not quite clear whether the payoff derived from HPM practices comes from better utilisation of existing resources or cost minimisation, similarly, the role employees' play in this process is equally unclear (Butler et al., 2004). Additionally, Lloyd and Payne (2004, p13) observe that, 'not only is there no clear definition of the HPM model, but there is also a fundamental lack of agreement about the specific practices it should and should not incorporate, as well as the meanings that are ascribed to those practices'. Accounts of the evolving model use a wide range of terms, thereby heightening the uncertainty surrounding its underlying views (Butler et al., 2004, p4).

Another model that is relevant at the corporate strategic level is the Strategic Human Resource Management (SHRM). In the past researches have been conducted, which relate human resources activities to firm financial performance such as return on investment, return on assets and stock value. Though the methodology and the concepts of these researches were considered to be flawed, Ericksen et al., (2004, p907) cites Wright and Gardner (2002) as stating that the result produced were credible and positive enough to keep SHRM scholars intrigued and pushing forward. Moreso, in the recent past SHRM scholars adopted a contingency perspective, leading theorist into two domains; vertical fit and horizontal alignment or fit. Ericksen et al., (2005, p907) argues that the two notions of fit have been used to derive normative models to show how intuitively derived typologies of human resource strategy should be paired with similarly derived typologies of business strategy to maximise firm performance. Ericksen et al (2005, p908) also cites Arthur 1992; Delery and Doty, 1996; Ichniowski et al., 1997; MacDuffie, 1995; Youndt et al., 1996, as intimating that empirically, the contingency perspective has informed a series of empirical studies designed to determine whether business units that had achieved vertical and horizontal fit performed better than those that had not. As a result some SHRM scholars have come to advocate a universalistic or best practice approach to human resource strategy; that is to argue that a single high performance human resource strategy (HPHRS) enhances organisational



effectiveness regardless of organisational goals, work systems or context (citation of Becker and Huselid, 1998; Pfeffer 1998 by Ericksen et al, 2005, p908).

Conversely, there exists no such thing as a definite study that proves that strategic management causes better performance. Instead, Learned et al. (2003), propose that managers should balance external market opportunity with internal firm competence and resources, the manager's personal values and aspirations and obligations to stakeholders other than stockholders. Therefore, the concluding argument is that strategies could be implemented through mobilising resources, exhibiting leadership, configuring the appropriate organisation structure, incentives and control systems, however when it comes to high performance a lot more should be considered.

### **2.1.3 PERFORMANCE MANAGEMENT: THE IMPACT OF SENIOR MANAGERS' ROLE ON STORES.**

Fletcher (1993) describes performance management as being associated with an approach to create a shared vision of the purpose and aims of the organisation. Fowler (1990) gives a better and wider definition by stating that performance management is about managing an organisation. Conversely, Hill and Jones (2009 p3) argue that managers are the lynchpin in the strategy-making process, as it is the individual managers who must take responsibility for formulating strategies to attain a competitive advantage and for putting them into effect. This being the case therefore calls for a discussion around the leadership theories.

A diversity of understanding of leadership exists both among academics and practitioners (Baker, 1997; Rost, 1991). After the late 1940s the emphasis in leadership research shifted to the leadership styles or behaviours of leaders. The discussion regarding leadership is such that the definitions can focus on behaviour, on the ability to motivate employees to put in extra effort, on the ability to act as a change agent, on processes of social influence, on creating compelling visions or on producing favourable performance outcomes. In spite of this diversity, however, there are common elements among definitions, which often involve the concepts of influence, group and goal. The leader is seen as influencing others to act in a certain way; this influence takes place within a group context, and the influence is exerted to achieve groups (Bryman, 1996). Equally,

Additionally, it has been argued by the earlier scholars, that certain organisational goals required certain employee behaviour which manifested as a result of adopting human

resource strategies. Ericksen et al (2005) refers to this as a behavioural approach as they argue that the extent to which human resource strategies contribute to the organisational performance depends on its capacity to foster desired employee behaviours (Ericksen et al 2005 p908). Exemplifying this stream of research were the

Ohio State University leadership studies, which consisted of administering a behaviour description questionnaire to leaders' subordinates to determine leadership styles based on the two dimensions of consideration and initiating structures. "Consideration denotes the degree to which a leader acts in a friendly and supportive manner, and shows concern for subordinates and their welfare (Yukl 1989, p39). Having stated the above, the behavioural approach model is still open to further development therefore the anticipation by Ericksen et al., (2005) and other researchers is that future SHRM research should endeavour for a deep and richer exploration into settings and circumstances in which certain employee behaviours enhance organisational performance (Ericksen et al., 2005 p909). In addition trust is also considered to be central to workplace performance and that management's efforts to build trust will foster a congenial employee relation (ER) climate that leads to high performance (Ericksen et al., 2005).

Conversely, initiating structures denotes the degree to which a leader define his or her own role and the roles of his or her subordinates towards two dimensions were then related to outcomes such as morale, job satisfaction and the performance of subordinates (Yukl 1989, p39). Bass (1990) and Yukl (1989) argue that the results of this research were weak and inconsistent for most criteria of leadership effectiveness. The findings were that some subordinates were more satisfied and performed better with a structuring leader, while in other cases the opposite relationship was found.

Senior management are expected to develop a view of the organisation's overall objectives with regards to its environment. It is quite evident in most of the organisations that leadership will have a significant influence on the purposes of the organisations. According to Westley and Mintzberg (1989), visionary leadership inspires the impossible; fiction becomes truth. This suggests that leadership is a vital ingredient in developing the purpose and strategy of an organisation, hence the importance of considering the role of the personality and power of the CEO and the board of directors. To gain an understanding of the way purpose and strategy inter-relate with leadership, it is useful to analyse the leadership role by using three different approaches,

The earlier approach on leadership focussed more on personality traits which characterised successful leaders (Argyris, 1955; Mahoney et al., 1963). According to trait theorists successful leaders are 'born' with innate, which distinguish them from non-leaders i.e. certain types of individuals can be identified as leaders in virtually any situation (Stogdill, 1948). However, the general belief is that leaders who possess the requisite traits must take certain actions to be successful (for example, formulating a vision, role modelling and setting goals). Possessing the appropriate traits only makes it more likely that such actions will be taken and be successful (Kirkpatrick and Locke, 1991, p49).

The second approach is leadership-based styles. Style and behaviour theorist Style theorists argue that a leader can be identified and appointed for a position if he or she possesses the leadership style that is appropriate to the organisation (Yukl 2006). This theory has also been discredited because of its simplicity and lack of consideration of relationships, politics and culture. To explain further, there has been a lot of research conducted on leadership style; that is, Ohio States University carried out some research based on consideration and initiating structures but the results showed that there was no causality determined between the correlated variables (Yukl 2010 p104). The studies were also inconsistent with regards to correlations between consideration and performance criteria. Later on the researchers developed the idea of the high-high leaders, who were concerned about both people and production (Blake and Mouton, 1964); the results of this research were inconclusive and where correlations were found they were weak.

The third approach was contingency theories, which are also known as the best-fit analytical approach (Yukl 1999). This approach states that a leadership should be prompted or recruited according to the needs of the organisation at a particular point in time. Contingency theories were regarded as the best of the three as they capture the relationship between the strategy and leadership and relationship, with the purpose of development, which can be further analysed by using Senge's (1990) shared vision approach or using the dominance approach (Fletcher 1993). Unfortunately, most of the research on contingency theories has now been deemed to bear inconsistent results and also have problems in measuring variables. These caveats led to some disillusionment with contingency theories by the early 1980s and, therefore, paved the way for new paradigms (Fletcher 1993).

A new understanding of leadership emerged in the 1980s, such as transformational leadership (Bass and Avolio, 1993; Avolio and Bass, 1995; Kuhnert and Lewis, 1987) or charismatic

leadership (Avolio and Yammarino, 1990; Bryman, 1993; Klein and House, 1995). These are currently receiving considerable attention from leadership theorists. In these approaches leaders are seen as managers of meaning, who define organisational reality by articulating compelling visions, mission and values (Carss 2010). This type of shift supports Wade and Recardo's (2001 p35) argument, which states that senior managers are always looking for performance management systems that tie every aspect of the organisation (from top to bottom) to the strategy.

The above authors refer to this as aligned management. The argument is that if all activities of a company bear a direct relationship to the business strategy then the company is likely to achieve superior financial results. This is based on theory that business strategy is the first and most importance performance measure. Hill and Jones (2007, p3) concur with this by introducing the concept of strategic leadership, which they define as knowing how to effectively manage a company's strategy making process in order to create competitive advantage. This concept has been further defined by using a well-known saying that states, "Success is 10% inspiration and 90% perspiration". This in a business translation would be stated as "success is 10% formulation and 90% implementation of the strategy" (Hill and Jones 2007, p3).

Furthermore, Bennis and Nanus (1997) state that leaders should be able to generate and sustain trust in the strategy process and the general integrity of the organisation developing its purpose. A robust statement of purpose can be achieved if leaders have generated and used the intellectual capital of the many people involved in the organisation; that is, the employees. Typically what this means is that leaders should have tapped the knowledge, interest and experience of those below them in the organisation. Subsequently, these leaders also should also be able to demonstrate a passion and determination to seek out and achieve the purpose that has been identified by the process (Hill and Jones 2004). Having discussed the above, sometimes leadership may be better served by allowing the purpose to emerge from the group working on the strategic task than by those imposed by a leader at head office or in the business centre (Hill and Jones 2004)

However, there is an argument which states that even the best designed strategic planning system will fail to produce the desired results if managers do not use the information at their disposal effectively (Hill and Jones 2009 p17). It is, therefore, vital for senior management to make better use of the information provided and also to realise that they too can make poor

decisions. Furthermore Hill and Jones (2009), state that one of the key strategic roles of both senior and functional managers is to use all their knowledge, energy and enthusiasm to provide strategic leadership for their subordinates in order to develop a high-performing organisation (Hill and Jones 2009 p6). This concept is supported by Bradford et al (1984) in his discussion of three models; 'Manager-as-Master-Technician', 'Manager-as-Conductor' and 'Manager-as-Developer'.

One of the arguments that is often raised by authors who have written on leadership is that a leader should have a sense of direction and must be committed to the vision of the organisation (Hills and Jones 2007, p32-33). The leaders should also have the ability to network formally and informally so as to keep abreast of what is going on within and outside the organisations Hills and Jones (2007, p33). Effective leaders are also able to delegate, knowing that this will motivate the staff and also will allow them room to deal with more critical issues. Hills and Jones (2005, 2007 p34) further state that a strategic leader should play the power game (not that the concept is generally accepted) and have the ability to push through programmes in a piecemeal fashion but at the same time recognise the futility of making public a detailed or precise objective that may change or be difficult to implement. Pfeffer (1999) also articulates a similar vision. He states that politically astute managers use resources on hand to acquire another critical resource (Pfeffer 1999). Similarly, Hill and Jones (2004, p28) argue that for leaders to be effective they will need emotional intelligence. In other words, the leaders should exhibit self-awareness, self-regulation, motivation and empathy and should also have social skills (Hill and Jones 2004, p28).

Furthermore, Bandara (1986) contends that managers as well as supervisors have different abilities and styles. Hence the leadership style that a manager possesses is expected to affect the self-efficiency of the manager's followers (staff) and, therefore, the performance of the followers. House (1988), argues that leaders who display charismatic leadership behaviours are described as providing followers with clear visions of the future, expressing high expectations for followers' (staff) performance and displaying confidence in their followers' ability to accomplish challenging tasks. Shea's (1999) study supports the notion that leadership style does have an effect on performance improvement over time and conclusions have been drawn that charismatic leaders are able to sustain persistent individual efforts with respect to the quality of the work over time. To the contrary, Appelbaum et al. (2000) point out that different studies (of similar phenomena) make different claims as to the impacts of

management interventions (citation from Adcroft and Teckman 2008 p602). Williams et al. (1993) argue that there is a major problem of complexity because outcomes are determined as much by external conditions such as market conditions, industry structures and social settlements as they are by purposive management action (citation from Adcroft and Teckman 2008 p602).

From a different angle the 'high performance' models focus more on the management skills and capability rather the leadership style. Conversely, Thomson et al (2005) cites Teece et al (1997) as conferring that the resource based view (RBV) of the firm sees management capability as playing a critical role in aligning employee skill, motivation and ability with organisational systems, structures and processes that achieve capabilities at the organisational level (Thompson et al 2005 p 1029).

According to Thompson et al (2005, p1043) a national representative established-level survey of organisational practices was conducted in 1999 and 2002 in a single industry found that both forms of management capabilities were associated with the use of HPWO practices in 1999, however this association did not hold for the use of the HPWO practices in 2002. There was a strong and positive relationship between the use of HPWO practices in 1999 and subsequent value-added per employee in 2002 (Thompson et al 2005, p 1044).

An additional argument as discussed by Thomson et al (2005, p1029) in their paper is that managerial resources or capability are key contributors to the entire bundle of firm resources that enable firms to generate rents (Castanias and Helfat, 2001). Furthermore there are arguments which state that management skills are largely tacit and involve learning by doing, therefore can be hard to be replicated quickly. However, the resource based view these capabilities imperfectly imitable and subject to time compression diseconomies (Barney 1991).

In variation to the above despite the perceived importance of management capability to organisational effectiveness and according to Thompson et al (2005), there is little research that has systematically studied this capability in the context of HPWO. However, it is stated to be potentially of the most important factors of the 'black box' that link human resources practices to organisational performance and there is a growing recognition that the role of management in workplace innovation needs to be addressed more explicitly in relation to (HPWO (Godard, 2002; Colvin et al 2001 cited by Thompson et al., 2005 p1030).

On another note, Barney (1991) has been cited in Thomson's et al., (2005 p1030) article as having stated that a detailed case studies of a range of services and manufacturing firms identified the important role that line managers play in 'bringing high performance work practice alive' by embedding them within the organisational context, and thereby creating non-imitable and imperfectly substitutable, rare and unique human capital. Additionally in the recent past there has been some findings which associate how the quality of the relationship between a manager and their subordinate (i.e. social capital) shaped employees' levels of organisational commitment and discretionary behaviour (Thompson et al 2005). Significantly these are considered to be important drivers of creation of firm-specific resources and capabilities such as innovation and knowledge sharing (Thompson et al 2005, p1030).

Conversely it is stated that there are still many studies that have noted that such practices are poorly diffused (Becker and Huselid, 1998; Ichniowski et al 1996; Pil and Macduffe, 1996) and as a consequence there has been increasing interest in understanding the factors associated with the use of these work practices (citation from Thompson et al 2005 p1030). In addition they state that a number of explanations have been suggested, including organisational inability to introduce 'bundles of high performance work practices (Ichniowski et al., 1996), the need to align production and distribution systems with high performance practices (Macduffe, 1995), low levels of trust and employees need for job security (Cutcher-Gershenfeld et al., 1998), worker resistance (Batt and Appelbaum, 1995), the problem of innovating in brown-field sites (Locke et al., 1995), organisational governance and the lack of a mutual gains model to support work place reforms (Kochan et al., 1986). Echoing Thompson's et al., (2005) sentiments, there is still little research that looks specifically at differences in management resources and capabilities between firms and their use of HPWO, despite a growing view that they may be important in explaining variations in the adoption and implementation of HPWO (Besker and Huselid, 1998; Pfeffer, 1999; Gordard 2002)

On the other hand other theorists contend that firms which invest more in the development of managerial capabilities are more likely to innovate in the work practice domain and that these practices will in turn drive higher levels of performance. Based on Thompson et al (2005, p1031) research, the theory has been questioned as it is not clear to what extent different forms of management capabilities are associated with HPWO. Further questions have been raised such as, whether there is investment in developing management capabilities a route to

greater use of HPWO and a higher level of comparative performance (Thompson et al 2005, p1031). It is argued that managers may be seen to have unique human capital qualities (CS), which means they possess firm-specific knowledge of routines and processes and high levels of tacit knowledge (Polanyi, 1966) developed through idiosyncratic learning processes, however when they change jobs they do transfer their tacit knowledge to their new roles (citation in Thompson et al 2005, p1032).

There is a large body of literature on the HPWO however there are still a lot of researchers who feel that there is a lack of empirical evidence to support the theory. One of the arguments is that performance practices are interpreted as indicators or expressions of managerial capabilities, Thomson et al (2005, p1031). Particularly, the argument has been that the HPWO takes into account one dimension of management capability, which is the ability to implement innovations in work practices (Thompson 2005, p1031). At a theoretical level, the managerial rents model (Castanias and Helfat, 1991, 2001) explains how management capability can be important for firm performance. Thompson et al., (2005, p1031) discusses the managerial rent model by highlighting the fact that the model is based on the premise that differences between managers in their capabilities (skills, knowledge, and abilities) lead them to undertake different strategic actions which produce different outcomes for capital; firm-specific, industry and generic

Additionally, Thompson et al., (2005, p1033) states that HPWO is about power, information and knowledge as the first instance and the second is the command and control culture which necessitates new types of leadership attitudes and behaviours (Manz and Sims, 1987, Stewart and Manz 1997) and the outcome of this would be for the firms would to invest more in training and developing their managers (Cantantias and Helfat 2001). Further discussion is that as managers will be presumed to have tacit knowledge the firms would introduce systems in place and processes to ensure that specialist knowledge is retained and that the firm can more efficiently develop and appropriate the results of the learning and knowledge which is held by staff and management. From the food retail perspective most of the senior management whose tacit knowledge is valued have transient type of careers.

The conclusive argument, as stated by Payant (2006), is that carefully crafted business strategies with well-understood strategic roles are critical to CPM success. Therefore, senior management must actively engage in a strategic decision dialogue that determines the



resource roles and assignment rules necessary in any performance measurement scheme. This dialogue is often not easy and sometimes can become contentious. Performance targets for every managed unit must be agreed on with appropriate key performance indicators (KPIs) established. Naturally, every manager wants to have their contribution embellished relative to their peers or other comparative benchmark. However, unlike in Lake Woebegone, not everyone can have above-average performance! The implication is that organisations respond primarily to external institutional conditions with management reduced to a mere cipher of outside influences (Butler et al 2004, p15)

## **2.1.4 DRIVING PERFORMANCE THROUGH OPERATION MANAGEMENT**

There is now a lot of emphasis on good strategic planning in relation to performance management. Initially, the purpose of strategic planning was to facilitate strategic thinking by senior management; however, lately there has been a shift in planning to include line (store) managers. What this entails is the decentralisation of planning to business units, more attention to environmental shifts, a more sophisticated selection of planning techniques and more attention to organisation and culture as vital implementation factors (Bonn and Christodoulou, 1996). Operation managers have a vital role in implementing and sustaining the corporate strategy. Developing this theory further, the operations manager should be competent and capable and the one who is able to achieve results. The mixed model includes having the capabilities for objective setting and progress reviewing too, (Hartle, 1995). Lowson (2002) puts this into perspective by defining operation management as the “design, operation and improvement of the internal and external systems, resources and technologies that create and deliver a firm’s primary products and services combination”. This definition is more focused on production or manufacturing management but can still be applied to non-manufacturing organisations.

In their research on leadership, House (1988) and Bass (1990) find a strong positive relationship between charismatic leadership behaviour and follower performance. In addition, Kirkpartick and Locke (1996) find that there is a relationship between charismatic behaviour and performance, task satisfaction and attitude towards the leader. It can then be argued that subordinates who work under a charismatic leader are better performers because they find the tasks more interesting, engaging and satisfying than those who work under non-charismatic leaders (Westley & Mintzberg 1989).

Bandura (1986) and Shamir et al. (1993) further argue that a charismatic leader's expression of high expectation with regards to followers' performances and their ability to persuade followers that they can meet that expectation motivate followers to produce and sustain greater efforts via the mediation of self-efficacy. Developing the theme further, it can be proposed that the behavioural manifestation of articulating a personal commitment produces a self-reinforcing cycle that sustains itself over time (Westley & Mintzberg 1989). This motivational influence of charismatic leadership behaviours produces a positive deviation amplifying a loop or performance improvement spiral (Lindsley, Brass and Thomas, 1995).

In addition, Bandura (1986) argues that supervisors and managers have a different way of persuading staff to do their work and this is often referred to as leadership ability or style. Hence the leadership style that a manager possesses is expected to affect the self-efficacy of subordinates and, therefore, the performance of these subordinates. Based on Shea's (1999) research, leaders who display charismatic leadership behaviours are described as providing followers with clear visions of the future, expressing high expectations for followers' performances and displaying confidence in their followers' ability to accomplish challenge tasks (House, 1988).

Brown et al. (2001, p33) also argue that operation management is important because when an operation works well goods and services are delivered to customers when they want them with something extra that delights the customer this creates customer loyalty. Therefore, it can be argued that operation management does contribute to the organisation's success or failure (Brown et al 2001, p3). In addition, operational managers are expected to put into place a strategy to develop and maintain the operation's capabilities to support these competitive objectives, which traditional approaches to strategy do not do (Brown et al. 2001, p40). It is argued that the operations managers also have to ensure that the organisation can compete more effectively so their day-to-day tasks have strategic consequences.

Brown et al. (2001, p348) also argue that organisations that are renowned for being successful in innovation have world-class operations capabilities. These are organisations that are able to respond more quickly or with better quality or with a greater range of offerings as compared to their competitors (Brown et al 2001). Conversely, Hayes and Wheels (1998) state that the success of an organisation is dependent on their overall operations capability and so provide a model that enables managers to identify the operation's current strategic role and the changes needed in order to improve competitiveness.

Significantly, Pfeffer (1999) argues that one does not need to be a CEO to assemble power in an organisation; sometimes quite junior functional managers can build a surprisingly effective power base and use it to influence organisational outcomes. Typically at the operational level emotional intelligence is quite vital as staff look up to their manager for guidance and motivation. A key facet here is that a leader who shows empathy and exhibits social skills will earn the loyalty of subordinates (Hill and Jones 2007, p35).

From another perspective, Greasley (2006 p19) argues that operations management does have an important strategic role in ensuring that the management of the organisation's resources and process move the organisation closer to its long-term goals. The argument is based on the fact that operation strategy can either be market based, which means the objectives are to compete successfully in a chosen market, or resource based, hence resulting in creating operations capability (Greasley 2006 p19). The essence of this position is that policies cannot be realised without the support of appropriate practices and also policies should be aligned with performance and, in addition, performance must be linked to practices (Brown et al. 2001, p7). Conversely, policies and practice determine which performance measures will be important (Brown et al. 2001, p8). Therefore, KPIs, such as customer service time, cost or quality, provide feedback to the operations functions and to the whole organisation as to how well operations are performing (Brown et al 2001, p8).

It must also be noted that operation management includes transforming inputs into outputs (Brown et al., 2001, p8). In addition, feedback should also be obtained both externally and internally to enable managers to make improvements and enhance the quality of goods and services provided for customers and clients (Brown et al., 2001, p9). Similarly, performance management process can only be effective at this operational level if there is on-going communication and continuous two-way feedback between managers and employees (Armstrong 2009). It is also vital to maintain a meaning-making bond. Feedback should not be exclusively based on behaviour but also on financial results and ways of improving processes to achieve even better results.

In conclusion, performance management at an operation level (as summarised by Cannell 2010) is about the following.

- **Performance improvement** – throughout the organisation, for individual, team and organisational effectiveness

- **Development** – unless there is continuous development of individuals and teams, performance will not improve
- **Managing behaviour** – ensuring that individuals are encouraged to behave in a way that allows and fosters better working relationships.

Reviewing the topic from the opposite direction Skule (2004) has identified the rewarding of proficiency, management support for learning and greater task responsibility, all obvious HPM proxies, as central components of ‘learning conducive work’ (Butler et al., 2004, p30). Unsurprising these latter studies, placing the focus away from formalised training, lend articulation to an increasingly influential body of opinion that HPM achieves productivity gains by effectively tapping into the stock of knowledge that workers accumulate over time (Butler et al., 2004, p30).

### **2.1.5 OPERATIONAL PROCESS MEASURES AS PERFORMANCE MANAGEMENT TOOLS**

One model which is associated with the enhancement of performance through business innovation is HPWO. The main domain of the HPWO is that firms must invest in the developing their managers’ capability as this would enable them to be more innovative in the work practice and the end result would be a higher level of performance (Thompson et al 2005, p1031). The assumption of the model is HPWO practice are a dependant variable which captures management’s ability to introduce processes practices that create resources which are socially complex, causally ambiguous, path dependent and thereby not easily imitable Thomson et al., (2005, p1031).

The above and other deficiencies of the functional organisation have led to moving away from considering business as a set of discrete functional areas towards a view of the organisation as consisting of sets of processes that link together in order to meet customers’ needs (Greasley 2006, P11). Developing the concept further Towers (1999) describes the business process as a set of inter-related activities that when executed result in a business outcome. On the other hand, Hall et al. (1993) delineate process as larger than a task but smaller than an area of business such as operations, HR or shipping. In other words, process can also be seen as extending beyond the boundaries of any single company (Hammer and Champy, 1993). Conversely, Wade and Recardo (2001, p127) describe ‘processes as a series of activities that transform an input into an output of product or service.

It is also important to note that structural and environmental changes will influence performance indicators and the feasibility of the KPI will depend on whether the organisation has the ability to support improvement. Harrington (1991) states that for any improvement an organisation's performance has three major objectives.

- Making process effective – achieving
- Making process efficient – productive
- Making process adaptable – market oriented.

Bearing the above in mind, senior managers, therefore, often map the key processes and incorporate performance measures covering the cost cycle time, conformance to customer standards, quantity and quality into each activity (Wade and Recardo 2001, p8). This is achieved through process mapping. Brown et al (2001, p326) summaries process maps as pictures of the way that work, information, customers and materials flow through an organisation. Many organisations now have flow charts that are followed (Greasley 2006, p168). It is argued that the idea behind process mapping is to identify processes that can be simplified, automated or eliminated in order to focus more on activities that add value to customers and are in alignment with the business strategy.

The argument of processes over performance can be analysed as follows. Firstly, the literature is built on the view that there is a direct relationship between the management of internal processes within an organisation and the external outcomes achieved by this organisation; how a company performs in terms of, say, profitability or market share is determined by these organisational processes (Brown et al 2001).

The second, and clearly related, argument is that if improvements are made to these processes then the quality and quantity of outcomes will also be improved; improvements to productivity, investments in new technology and so on will directly impact on things like profitability or market share (Brown et al., 2001). Whilst the link between process and outcome is frequently stated and often assumed, it is not always absolutely clear (Adcroft and Teckman 2008 p602). Firstly, Butler et al. (2004) is cited to suggest that, the direction of causality has not been fundamentally determined (Adcroft and Teckman 2008 p602). The question that has been asked is "Are organisations successful because they have the best processes or does success provide organisations with the time and resources to develop the

best processes?” (Adcroft and Teckman 2008 p602). Secondly, the direct impact of specific process interventions can be hard to identify and, hence, measure (Adcroft and Teckman 2008 p602).

An additional concept to include with respect to the organisational processes is that of the value chain. The value chain is considered to be a process of activities within and around an organisation that together can create a product or service. Porter (1985) describes the value chain in two ways: primary activities and support activities. Primary activities are directly concerned with the creation or delivery of a product; that is, inbound logistics, operations, outbound logistics, marketing & sales and services (Porter 1985). The argument is, support activities help improve the effectiveness or efficiency of primary activities; that is, procurement (a process for acquiring the various resource inputs to the primary activities).

Therefore, it is important to understand how value can be gained or lost by using the value chain and value network concepts. The value added can now be measured using the activities-based costing (ABC) and activity-based management (ABM) systems, which have made it possible to allocate costs and value to specific functions or processes (Wade and Recardo 2001, p125). These systems are said to increase the reliability and validity of financial information at its original source. Wade and Recardo (2001, p129) further argue that process performance measures form a bridge that links functional measures and individual and job outcome measures. Most retailers do have a value network as they depend on other organisations to create and distribute the products that are sold to the customers. It is, therefore, important for the senior members of management to understand the strategic capabilities in relation to the wider value network.

#### **2.1.6 ENHANCEMENT OF PERFORMANCE THROUGH THE “JUST-IN-TIME” (JIT) STOCK MANAGEMENT SYSTEM**

The key facet of JIT is that it was designed to economise on inventory holding costs by having components arrive at a manufacturing plant just in time to enter the production process or goods at a retail store only when the stock is depleted (Hill and Jones 2004, p122). JIT was aimed at improving costs by adopting the value chain approach (Hill and Jones, 2004). The major cost saving came from increasing inventory turnover, which in turn reduced inventory holding costs such as warehousing and store costs, and the company’s need for working capital. In order to develop the theme further, Wiley (2006) revisit the roots of JIT

and lean operations and note that the philosophies originated from the Japanese auto maker Toyota where Taiichi Ohno developed the Toyota production system (Ohno, 1995). It is stated that Ohno initially observed the restocking of shelves in the supermarket and used it as an analogy for the development of the JIT inventory management method (Ohno, 1995).

Typically, the basic idea behind JIT was to produce only what you need when you need it. Bicheno (1991) argues that JIT aims to meet demand instantaneously with perfect quality and no waste. In addition, Harrison (1992) states that the elimination of waste, involving everyone and continuous improvement, are the core of the JIT philosophy. The essence of this discussion is that organisations look at waste from the point of view of over-production, waiting times, unnecessary transportation, process inventories (pipeline cycles) over complicated work, movements and the total cost of poor quality. Further claims in support of JIT are that the faster inventory turnover has helped to achieve an efficiency-based competitive advantage in the retailing industry. To develop the theme even more it can be argued that JIT can boost performance results in that it reduces the need for working capital and fixed capital to finance storage space, which in turn reduces capital needs and increases capital turnover and by extension boosts the return on invested capital (Hill and Jones, 2004, p122).

A large body of literature confirms that the JIT system requires a continuous stream of small-batch supplies to ensure the inventory is minimised within the organisation (Hill and Jones, 2004, p122). Due to the frequency of the supplies it is imperative to have a JIT suppliers network and also for the JIT suppliers to practice JIT themselves to avoid inventory backlogs (Hill and Jones 2009). Subsequently, the study on JIT reveals that it is important to look at the supply chain, as suppliers will make JIT a success or failure. In the recent past the supply chain management approach has been developed to look at the management of the flow of materials (products) through the entire supply chain. Greasley (2006, p339) states that it is important to look at the supply chain design in order to optimise performance. This is a valid point because one of the key issues in supply chain design is that organisations need to co-operate with one another in order to provide customer satisfaction.

The limitation in regard to JIT is that the system leaves a company without a buffer stock of inventory (Hills and Jones 2004, p122). It is further argued that the company would suffer more losses if there was disruption among the suppliers (Hill and Jones 2004). Conversely, co-operation will limit the fluctuations in demand occurring in the networks that affect

performance (Greasley 2006, p340). Forrester (1961) describes the behaviour of supply chains that are subject to demand fluctuations as being subjected to the Forrester effect or bullwhip effect (cited in Greasley 2006, p340). In any event, the effect will occur when there is a lack of synchronisation in the supply chain member so that a slight change in consumer sales ripples backward (Forrester, 1961 in cited in Greasley 2006, p340)). The proposed remedy to this problem would be for members of the supply chain to share information and also to build long lasting relationship (Hills and Jones, 2004, p132).

Perhaps the most important argument for JIT is that it was intended to create a culture in which all employees are encouraged to contribute to continuous improvement efforts through generating ideas for improvements and performing a range of functions (Hill and Jones, 2004). However, it should be noted that an organisation will have to provide training for staff in a wide range of areas including techniques such as statistical process control and more general problem solving techniques in order to attain the level of involvement (Hill and Jones 2004). The essence of JIT is for continuous improvement, which in return should enhance performance.

#### **2.1.7 CAN BUSINESS PROCESS RE-ENGINEERING (BPR) BE USED TO REVAMP PERFORMANCE?**

Organisations that are looking to change the way things are done or enhance performance may do so by reviewing their processes. Hill and Jones (2004), describe the origin of BPR using Hammer and Champy's (1993) approach as having emerged from practical experience, while Davenport and Short (1990) infer that it is based on Taylor's scientific management. Conversely, Shillingford (1992) and Lopes (1993) state that BPR has emerged from Japanese-style quality programmes. Moving on, Hammer and Champy (1993) describe the three types of companies that undertake re-engineering as those that are in deep trouble, those with prescient managers seeking to avoid impending crises and, finally, market leaders who wish to maintain their advantages. BPR can be used as a fundamental revaluation/redesign of a company's business process and organisational structures in order to achieve dramatic improvements in critical success factors — quality, productivity, customer satisfaction, time to market, etc. (Tappscott and Casoh, 1993)..

Where processes have broken down BPR can be used for dramatic improvements in critical contemporary measures of performances such as cost, quality, service and speed (Ambrosini



et. al 1998, p80). BPR can also be considered by an organisation as a way of starting on a clean sheet of paper or designing the process of a company without referring to existing processes or modes of operations Hammer and Champy, (1993). Davenport (1993) deduces BPR to be a revolutionary new approach that uses IT and HRM to dramatically improve business performance.

Having said the above having Champ et al (2001), defines BPR as “To fundamentally change the way work is performed in order to achieve radical performance improvement in quality speed and cost”. Furthermore, Towers (1994) quotes Hammer’s (1999) argument as follows; that at the heart of BPR is the notion of discontinuous thinking — “of recognising and breaking away from the out-dated rules and fundamental assumptions that underlie operations”. Significantly, the argument is that, in order to achieve a breakthrough, performance cannot be achieved by cutting fast and automating processes; rather old assumptions must be challenged and the old businesses that underperform in the first place shredded (Hammer 1999). In a slight variation to the above, Edwards and Peppards (1994) express their views by stating that for BPR to succeed there must be a clear need for organisational processes to be linked to strategic objectives.

In particular, the strategy must consider the roles, relationships and processes across the entire company (Peppard and Burke, 1995). However, the reality is that attempting to re-engineer the entire organisation at once is unlikely to succeed. It is worth noting that there is also the possibility that BPR may not be the answer to the problem; that is, issues to do with unclear strategy and business direction and ineffective management (Peppard and Burke, 1995). Similarly poorly targeted and trained employees are not issues that a BPR is designed to resolve. BPR cannot replace a lack of business appreciation and poor management. Furthermore, Preece and Peppard (1993) argue that the majority of the literature on BPR focuses on the need to improve the effectiveness and efficiency of business processes in response to an increasing volatile competitive and global business environment, whilst the critics state that the concept is merely a case of old wine in new bottles (Preece and Peppard 1993). There is much debate on this concept and as it stands there are wide metaphases and models of which none is universally accepted.

It is also argued that BPR has failed in some organisations because of a lack of understanding of the concept. Furthermore, the narrowness of the process scope and the lack of any linkage to business strategy are two critical areas that organisations fail to address (Hammer 1994).

Additionally, Hammer (1994) suggests that re-engineering offers an alternative perspective on formulating strategy and is based on the operating process rather than on products and markets. The argument is that, by so doing, there is a significant improvement in a firm's operating capabilities; also, BPR allows the implementation of new strategies. Additional argument against BPR which will be considered is that organisations often use BPR to improve what they are already doing and yet what they are doing is often not what they should be doing (Hammer 1994).

Furthermore, Coulson-Thomas (1994) states that re-engineering can do untold and lasting damage to organisations when used rashly and indiscriminately as a blunt cost-cutting tool. Coulson-Thomas (1994), also argues that the starting point for success in re-engineering is a passionate commitment to servicing customers and to helping them achieve success. The argument is that this commitment can then be reflected in the creation of distinctive capability, the design of the supporting processes and the physical infra-structure that supports these processes. The end result is said to be an optimisation of performance across all aspects of the business. Talwer (1993), argue that re-engineering offers the promise of dramatic improvements in performance through streamlining the end-to-end processes by which the business creates and delivers value for its customers. It is argued that the rationale behind re-engineering is that most organisations are not designed to support the actual work that they do — the execution of the business process to create and deliver goods and services to their customers (Talwer 1993). To develop the argument further, in some cases the organisation's structure is defined before thinking about how the work will actually be performed. In some instances it may be concluded that, without improvements fostered by BPR, organisations' strategies cannot succeed or be sustained (Talwer 1993).

### **2.1.8 MANAGING PERFORMANCE THROUGH STAFF**

Performance management can be used as a tool to help each individual employee to understand and recognise his or her part in contributing to the achievement of goals, which would then result in the enhancement of the performance of both the individual and the organisation. To explore the phenomenon further, Armstrong (1999, 2009, P618) defines performance management as getting better results from the organisation, teams and individuals by understanding and managing performance with an agreed framework of planned goals, standards and attribute/competence requirements. This can be described as a strategic and integrated approach to delivering sustained success for organisations by

improving the performance of the people who work in them.

Following an assessment of 26 organisations, Fletcher and Williams (1992) conclude that there must be a common understanding of goals and objectives between senior management and lower echelon workers and there must also be a sense of ownership and commitment. Additionally, William (1994) states that, performance management involves development of skills to work well. Subsequently it also requires influence upon the 'will to work well' or motivation. It has also been argued that traditional performance management aims to encourage an increased and/or improved output from employees.

A slight variation on the topic above is given by Thompson (2003), who states that the key to the successful implementation of HPM is reciprocity (cited in Butler et al 2004). This means that, in return for employee participation in the micro-management of work and expanded responsibilities, employers should undertake commitment and trust-building measures in the employment relationship. Simply put, the stabilisation of the "high performance" model depends on the emergence of a degree of autonomous employee power, the latter being predicated on the basis of a renewal of existing union power resources (Thompson 2003).

Conversely, Coad (1999) and Porter (2005) argue that strong performance orientation efforts should usually be directed at individuals rather than teams or groups. In addition, Adcroft and Teckman (2007, p603) make reference to Porter's research, which suggests a view amongst those with of performance orientation that there is little value in working on something that you are not good at. This orientation is about establishing where competence lies as this is the fundamental determinant of the outcomes (Simons et al. 2000). However, Stiles et al. (1997) is cited to state that competencies will tend to be managed through clear and strict measures where the focus is on optimisation through seemingly endless repetition, practice and rehearsal. Having conferred above, Fletcher and Williams (1996) argue that there are potentially many elements to performance management and these elements have a relatively close linkage in influencing the employee motivational factor.

Recent research reveals that employees are motivated by empowerment, greater contact with customers and having sufficient resources to accomplish their work. Ishikiwa (1985) and Deming (1986) also identify three different sources of motivation: firstly, intrinsic motivation (growing, learning and the development of oneself); secondly, task motivation, which comes from accomplishing things; and thirdly, social motivation, which comes from co-operation

with others, shared tasks and recognition from others. Conversely, Butler et al (2004, p18) states that, advocates of HPM point to benefits for employees in terms of empowerment and increased intrinsic rewards. However, Butler et al (2004) states that team working and business improvement practices did not significantly empower employees as the optimistic model suggests, rather they served to rationalise labour utilisation decreasing discretion and job satisfaction.

Furthermore, the work intensification thesis conceptualises HPM simply as a managerial phrase intended to extract greater effort from employees (Butler et al., 2004, p24). Other researchers think differently and have argued that HPM results in increased responsibility (autonomy) arising from changes in work organisation, but also creates greater stress as risks are internalised via performance management and other employee relations techniques (Butler et al., 2004, p24). Similarly other research has revealed that in some instances where employees have been entrusted with increased discretion it has not been accompanied with a relaxation in management control (Butler et al., 2004, p24). Therefore it has not been the case that empowerment has displaced management controls: it is not a story of either/or, but both/and (Edwards, 2002, as cited by Butler 2004, p24). To develop the discussion even further Butler et al.,(2004, p24) recounts Edward's (2001) arguments that increased autonomy comes at the expense of greater stress as employees are exposed to the changes of the market via bureaucratic controls such as performance related pay.

On the other hand, there is a possible connection between the achievement of good performance and employee motivation. In support of this argument it can also be argued that individuals are motivated to achieve objectives that they themselves have helped to establish, and that they will work more effectively where they know what they are to achieve and have helped to plan accordingly (Pratt, 1988).

A variation on performance management versus motivation is the one based on the HR perspective. In this instance performance management involves analysing and having a job description that should be in line with the strategic missions and goals of the department or organisational unit. An additional notion is to look at quality management (QM) as a contribution to performance management. Therefore, in order to accomplish its purpose QM must alter how people actually behave at work (Deming, 1985). The essence of this position is that the aim of QM is to provide people with the opportunity to learn and develop themselves through joint problem-solving efforts. Oakland (1989) stresses the importance of

developing an approach to QM that makes employees more responsible and accountable. The argument is that people want to achieve, accomplish and influence activities that challenge their abilities. According to the QM gurus Deming (1986), Crosby (1979), Juran and Gryna (1993) and Fregenbaum (1983), workers should be encouraged to make suggestions and to take a relatively high degree of responsibility for the overall performance.

Chan (2001) suggests that affective commitment is related to job performance. On the other hand, Becker et al. (1996) argue that some researchers have found that affective commitment is not correlated with performance. This is further challenged by other researchers who argue that an employee's attitude towards his or her organisation will have an impact on his or her performance. It is also argued that the development of employee skills, knowledge and experience is essential in today's rapidly changing work place. Furthermore, in order for the organisation to remain competitive and to retain its reputation for excellence, employees should have up-to-the-minute information and the ability to use new technology (Joshi 1999). It is, therefore, imperative for employees to understand that for them to work effectively and efficiently they have to continue learning.

Additionally, Ericksen et al (2005) associates HPWS to human resource strategy principles hence the key facet is to increase employees skill levels, collaboration and also incentives which are aimed at increasing motivation. Similarly, HR policies that are said to be embedded in HPWS are directed therefore towards development of a more skilled, knowledgeable and committed work force. Ericksen et al (2005, p915) argues that the emphasis to the work system does not mean the scholars are not interested in the human resources activities it is just the model tends to assess each principle with human resource activities that are highly specific to work system. Furthermore, a caution was issued as explained by Larraza et al (2006), in their finding, that HPWS is more effective in technologically intense industries than the labour intense companies. Therefore, may not be suitable in a food retail industry which is more labour intense.

Another way of looking at performance management is how it relates to work organisation. Here, it is argued that, there has been a trend towards production activities based on knowledge, cognition and abstract labour (Butler et al 2004, p6). The *sine qua non* of this aspect of the new model is team-working, the medium whereby tacit knowledge shared amongst the work group is developed into explicit knowledge (Butler et al 2004, p6). The practice of sharing skills across traditional demarcations is thus a fundamental feature of the

emergent model (Butler et al 2004, p6).

A similar line of thought is that the more the employees are committed to the organisation the greater is the effort expended by them in performing tasks (Steers, 1977; Organ and Ryan, 1995). This is also in line with the literature on performance management based on Pratt (1988) and Fletcher and Williams (1996). An interesting argument is made by Simon et al. (2000), who suggest that individuals with a high level of performance are preoccupied with themselves and the way others perceive them (p. 336).

Additionally, Qiao et al (2009), states that, the most influential aspect of the best practice approach has been High Performance Work System (HPWS), which is a system of HR practice designed to enhance employees' skills commitment, productivity, such that employees become a source of competitive advantage Armstrong (1999, 2009, p29). Furthermore, Armstrong (1999, 2009) states that increasing the involvement of employees and gaining their commitment to organisational goals and values is the key to performance management. Following this concept is the assumption that commitment to organisational goals and values will lead to greater motivation and, therefore, enhance performance at the individual level (Fletcher and Williams, 1996). Articulating a similar argument, Harmon et al.'s (2003) phraseology of high involvement work systems is sensitive to the dimension of work organisation, capturing the need for there to be enhanced opportunities for employees to make decisions, exercise discretion and mobilise tacit knowledge, but again complementary HR issues are eclipsed.

Significantly, the theoretical and empirical debate of HPWS is that it has the potential to boost firm performance by developing a more talented and committed workforce (Becker and Huselid 1998; Kochan and Osterman 1994; MacDuffie, 1995, Pfeffer, 1998). In order to achieve the above various studies have indicated that such systems would include rigorous selection procedures, internal merit-based promotions, cross-trained teams, high levels of training, information sharing, skill-based pay, and group-based rewards. HPWS as the names implies focuses organising systems; in particular production systems (Appelbaum et al., 2000).

On a different note Bulter (2004, p17) cites Appelbaum et al. (2000, p. 110) as having said that, studying workers' attitudes and experiences with workplace practices can help researchers get inside the black box between inputs and outputs in the production process.

This in turn would improve researchers understanding of the ways in which HPWS (high performance work systems) are related to performance (Butler et al., 2004)

Another interesting discussion by Thompson et al (2005, p1029) is that High performance work organisation (HPWO) practices, consist of work practices that invest in the skills and abilities of employees, design work in ways that enable employee collaboration in problem-solving and provide incentives to motivate workers to use their discretion effort (Appelbaum et 2000; Delery and Doty, 1996; Colvin et al., 2001). A similar set of themes is presented by Armstrong (1999) in which he states that capable people at work are those who meet their performance expectations. Orlitzky et al (2005, p1326) describes High-performance work practice (HPWP) as an HR paradigm which upholds HR and work organisation practices that are designed to enable employees- i.e. to empower, develop and encourage employees – to work more effectively. Additionally, HPWP theorists discuss the dignity of employees in line with high pay, good benefits, internal job opportunities, job security, and training and employee participation Orlitzky et al (2005).

At the heart of the employee relation (ER) theory are two contradicting models; labour process model which has a premise that is based on high pay and improved conditions and numerical flexibility model which views a significant proposition of labour force as a commodity, with management continually tailoring its supply to changing demand Orlitzky et al (2005, p1327). The argument against these models is that workers have to work under a lot of pressure either due to additional responsibility or job insecurity which results low performance. Nevertheless, the assumption is that effective matching will yield high workplace performance, however the findings in Orlitzky et al (2005, p1327) research were that work intensification is strongly and positively related to job strain which results in low productivity. Similarly, there are claims that if management implemented a specified set of employment and work practices (such as selective hiring, teamwork, redesigned job, employee participation or information sharing) were implemented they would lead to higher performance (Orlitzky et al 2005, p1327). Many of these practice have shown to improve performance, but not in a consistent manner (Appelbaum et al., 2000; Capelli and Neumark, 2001; Osterman 1995; Paul and Anantharaman, 2003; Wood and de Menezes 1998).

Furthermore, Orlitzky et al (2005), states that HPWP contributes to high performance where workers are expected and encouraged to perform at a high standard. This is said to be possible where workers have the autonomy and are developed to work competently and

teamwork is also encouraged. The argument worth noting is that they can use their knowledge, skills and personal attributes to achieve the objectives and standards specified for their roles. In addition, competency leads people to behave in such a way as to meet the job demands within the parameters of the organisation's environment and this in turn brings about the desired results. Articulating similar views, Butler et al (2004, p18) discusses two aspects of HPM which can be echoed; firstly that employee perceptions and behaviour is important because improving the quality of work for the majority of the population represents commendable goal in its own right. Secondly, it has been suggested that techniques of HPM can alleviate declining real wages and growing inequality (Appelbaum et al., 2000). The first is more relevant to this study.

Performance management from the human resource perspective would involve encouraging people to take charge of their own performance (Armstrong 1999, 2009 p689). Continuous feedback through the appraisal system should be given to employees so that the foundation of success can be further developed and corrective action can be taken early where things are going wrong (Armstrong 1999, 2009 p263). The call is for investment in human capital through training, which leads to enhanced career structures Armstrong (1999). It can also be argued that this in turn leads to job stability and better performance.

A varied way of considering performance management is through the lens of researchers at the Hawthorne plant who felt that if the best work environment could be determined (the same way the best way to perform the job could be determined by scientific management), the workers would be more efficient and become less tired (Rolstadas 1995). The studies revealed that viewing all workers as rational and economic beings was inadequate and a social view of workers evolved (Rolstadas 1995). In these studies awareness was raised so that managers started addressing their employees' feelings and attitudes and the potential effects of these on productivity.

Furthermore, Ramsay et al., (2000) (as cited by Butler et al., 2004, p23) found that the data pointed to some association between HPM and higher job discretion and commitment, in addition, job strain was also reported. Following Ramsay et al. (2000) the core research question was whether HPM is associated with positive or negative employee responses. Regressions suggested that very few of the HPM practices were associated either way with discretion, job satisfaction or stress (Butler et al., 2004, p23). These findings prompted



Harley 2002 (as cited by Butler et al., 2004, p23) to conclude that, HPWS (high performance work system) practices do not appear to make much difference to employees either way'

A concept from the HPM model that can be applied to this study is that of employment relations, which very much underpin the coherence of the former two components given the requirement for a committed, rather than merely compliant, workforce (Butler et al., 2004). In conclusion, the notion of performance management is that operations managers manage processes via the five "Ps" of operations: policies, practice, process, people and performance (Brown, et. al, 2001 p7). Therefore the argument is that policies and processes cannot be realised without the support of an appropriate structure (people).

## **2.2 ANALYTICAL STUDY OF PERFORMANCE MEASURES**

The initial step to take in order to tackle poor performance is to gain an understanding of performance management, in relation to performance measurements and the strategic tools that are used to enhance performance. Typically, acquiring the knowledge about Performance Management is not in itself enough, but also it is important to use the correct performance measurement. Radnor and McGuire (2004 p246) explore the subject further by stating that there has been a revolution in performance measurement and performance management over the past 20 years with the enormous interest being reflected in practitioner and academic papers. Neely (1999) argues that if the appropriate measure can be identified and the right data captured, then it should be possible to identify causal relationships between different dimensions of performance. Therefore, any attempt to develop performance measurement systems in the retail sector must consider policy, practice and people in an integrated manner (Rowley, 1997).

Every company has a measurement system of some kind. However, the argument concerning the measurement is whether an appropriate and effective system is being used. The measurement should not be the object to be blamed but the measurement should be able to tell whether an organisation is improving or not. The measurement is not to confirm the level of performance but to give maximum support to the improvement process Karr (2005). In such an instance performance management will be reviewed in terms of the actual output/outcomes (accomplishment), which can be construed as doing the work as well as the results achieved. Karr (2005) argues that measurement sets need to be robust, complementary and concise. Managers will deliver what is being measured therefore, performance metrics

need to be chosen with care (Karr 2005 p3). They also need to be re-examined or refreshed as the business changes. In addition, the portfolio of performance measurements should reflect the key factors accepting strategic success. Particularly, there needs to be a balance so that one factor is not emphasised at the expense of another that is equally important. Moreover, Karr (2005), reiterates that, measurement needs to be tailored to the specific business units and management levels.

The measures and targets should be chosen so that they all reflect contributions to success; in other words, they should indicate progress in the same direction Karr (2005). Employing several competing or contradictory indicators and changing them often will be highlighted as an obvious problem that is all too often encountered. Finally, the measurements should be limited (Karr 2005). Additionally, Karr (2005), states that managers generally yearn for performance measurement data, much of which is useful to decision making and monitoring. However, not all useful measurement data needs to be embodied in formal performance reports. A small, salient set is more valuable for tracking strategic performance than a broader and less focused group (Karr 2005).

Clearly, the major benefit of the new measurement frameworks that have been developed is the closer linkage between strategies and metrics, and between objectives and results (Karr 2005). However, the new vision has other corollary benefits that are important in their own right, as it prompts managers to articulate what success means along more than one dimension (Karr 2005). By complementing financial measures with others, it helps move managers beyond viewing such things as asset growth or net income growth as indicators of strategic success (Karr 2005). Success as seen by shareholders is return on equity (ROE) that meets or exceeds their requirements, also as seen by customers, suppliers or employees are likely to take different forms.

One can agree with Karr (2005) argument which states that the variance forces managers to carefully think through their strategies and identify which factors have the greatest leverage on success. Simply identifying an ROE target and turning the troops loose is inadequate. Karr (2005) further argues that determining which value drivers have the most impact on success, and which factors under management control can be brought to bear on those drivers, requires careful consideration. The exercise of developing the key performance measures that best demonstrate strategic progress can help refine strategies or identify errors in the logic

underlying them. Developing the theme further, Neely et al. (2000) suggest the possibility of integrating stakeholder analysis using the performance prism with that of devising suitable measures and strategies, using the balanced scorecard. Such frameworks must address the full scope of performance management in regard to both policies; also suggest a similar approach to identify the “attributes of value” as perceived by different stakeholder categories. Some companies have adopted scorecards (stating the KPIs) as a way of reviewing performance. The results on the scorecards are not absolute and have to be investigated for any underlying causes of variance from the expected result.

Eccles (1998) states that the leading indicators of business performance cannot only be found in financial data alone but in quality, customer satisfaction, innovation and market share. The argument is that these indicators often reflect a company’s economic condition and growth prospects better than reported earnings. Eccles’ (1998) argument is not absolute as further research has revealed that management, staff and other internal and external factors can contribute positively or negatively to the performance of a company. An example of this can be found on the Sainsbury’s scorecard, which includes financial and non-financial data (staff feedback is measured too).

The indicators help the business units of an organisation to identify areas that are affecting their overall performance. Nanni, Dixon and Vollmen (1992) integrate performance measurement and management accordingly to support the new manufacturing resources. Kaplan and Norton (1993) instead express concern over a balanced score, which uses dimensions of finance such as profit and shareholder value, customer services, innovations and learning and internal process performance to present a more comprehensive view of the business. Schmenner and Vollmann (1994) showed in an empirical study that most studied companies seriously needed to consider changing their performance measurements. The reality was of course that most firms were both using wrong measures and/or failing to use the right measures in correct ways.

Caveats are identified by different researchers in regard to different performance measures. McMann et al. (1994) argue that financial measures are more focused on the past performance. Vokurka and Flidner (1995) also state that financial measures are fragmented with cost, quality and output being treated separated. Bond (1999) concurs by stating that local optimisation, individual responsibility and individual incentives do not encourage

organisational (double-loop) learning to survive. It is also pointed out that in the long term the achievement of goals is said to depend on customer services being measured by factors such as quality, cycle time, employee skills and productivity. Lynch and Cross' (1991) argument was taken on board which states that performance measures used in many organisations rarely integrate with one another or align to the business process.

### **2.2.1 SCORECARD RESULTS CAN ILLUMINATE BUSINESS PERFORMANCE**

Having discussed above performance measures in general two measures are now frequently used. Characteristically dashboards and scorecards are the two main measures that are visually attractive monitoring mechanisms for information consumers. They are aimed at capturing the most critical performance information at a single glimpse. Though both notions are often used synonymously, and their difference may be labelled as futile by some, there seems to be a growing consensus in practice that associates dashboards with monitoring operational process performance and scorecards with monitoring the status and evolution of tactical and strategic objectives (Viaene, 2007). The way a performance dashboard is conceived is similar to the way your car's dashboard operates; the idea is to track in "right time" — this may well be in "real time" —the progress of events within the context of a process by means of the right set of KPIs (Viaene, 2007).

Furthermore, a scorecard is an alternative to traditional financial measures as it includes many more measures such as financial, customer, organisational technology and innovation and operational key performance measures (Wade and Recardo, 2001 p5). A better description of a scorecard is that it is a grouping of the major categories of key performance measures. Additionally, Wade and Recardo (2001, p95), describe the purpose of a corporate scorecard as a way to communicate strategic direction, establish performance category baseline and targets Wade and Recardo (2001, p5). In addition, a corporate scorecard will also identify which business process directly has an impact on cash flow. More so, a scorecard is said to provide the links between strategy, business plan and employees' activities Wade and Recardo (2001, p5), The argument behind using a scorecard as a performance measure is that financial performance measures past performance, which is over and done with, while the scorecard will measure past performance, customer satisfaction, productivity, growth, innovation and HRM (Kaplan and Norton, 1996).

Characteristically, many companies demonstrate mathematically the relationship between

employee satisfaction, customer satisfaction and finance success (Wade and Recardo, 2001). Furthermore, a three-scorecard perspective is considered good performance measure as each perspective provides a different way of looking at the performance of a company Wade and Recardo (2001, p95). The Baldrige Award seven-perspective scorecard (customer satisfaction, employee satisfaction, financial performance, operational performance, product/service quality, supplier performance and safety/environmental/public responsibility) can also be adopted, so can the Kaplan and Norton four-perspective (Wade and Recardo 2001, p96). Additionally, it should be noted that a well-designed scorecard has breadth, depth and predictive power, which will have the power to lead key performance measures as opposed to trailing historic performance measures (Wade and Recardo, 2001 p98).

### Scorecard caveats

As much as balanced scorecards are an improved version of performance measures they have shortcomings too. The main ones cited by Wade and Recardo (2001 p112) are, firstly, that it can be tricky to measure organisation-wide factors with the same performance measure. In addition, almost all organisational key performance measures are non-linear, curvilinear or logistic and are part of a dynamic system that is multi-dimensional and highly interdependent (Wade and Recardo 2001 p112). This means adding on unit variable “A” may not result in a one-unit increase in variable “B”. Furthermore, it can be argued that most senior managers insist on mathematical perfection, which is not practical (Wade and Recardo, 2001 p112). Similarly, this is not to mention the fact that aggregating customer retention ratios from all lines of business would be statistically meaningless and full of errors; that is, companies may have to get rid of all unprofitable customers, while others may have to increase the number of customers (Wade and Recardo, 2001, p113)

Furthermore, Bond (1999) states that the use of a balanced scorecard inevitably raises questions about whether or not to aggregate non-financial measures, also consideration should be made in regard to problems identified in order to determine the interaction and trade-offs between dimensions (Deruitsiotis, 1997; Nocci, 1995). Neely (1999) argues that performance measures have been the main focus in the mid-to-late 1990s and the notion of a balanced scorecard, perhaps mostly neatly encapsulated by Kaplan and Norton’s “balanced scorecard” is now widely accepted.

In addition, a detailed performance evaluation can also be carried out by using tools such as self-auditing and benchmarking and, in addition, process analysis could be carried out to give a broader picture of performance.

### **2.2.2 BENCHMARKING CAN BE USED AS A TOOL TO ASSESS PERFORMANCE**

A large body of literature does exist within the context of benchmarking and it is worth discussing the different aspects of the concept. Benchmarking has become a worldwide concept that has been highly researched with a lot of information on the internet, especially on the Benchmarking Centre website, and a lot of organisations, both public and private, have at one point embraced the concept.

Some researchers believe that benchmarking was first adopted in the nineteenth century by Frederick Taylor when he stated that an application of a scientific method of business did encourage a comparison of processes, while other researchers state that the concept has only been adopted in the last 40 years. O'Reagan and Keegan (2003) also state that the concept of benchmarking has its roots in the late nineteenth century when Frederick Taylor undertook scientific studies on work organisation and it has developed ever since. As an organisation, there should be a process for identifying best practices wherever they exist, and implementing and communicating these practices throughout the company to improve competitive performance and as a way of preserving their core competence (O'Reagan and Keegan 2003).

Additionally, benchmarking has been described as a process in which a company identifies key areas for improvement, researches best practices (used by other companies) and implements new processes to improve its own quality and productivity. Therefore, benchmarking can be used as a systematic approach to identify the best-in-class achievement (O'Reagan and Keegan 2003). Companies achieve that by comparing themselves to this benchmark, and identify practices that help them to be the best in class. Developing the concept further (Loh, 1997) states that benchmarking is a process that identifies those practices that have resulted in outstanding performances from successful companies. Similarly, it can be a systematic and continuous process that enables organisations to identify world-class performance and measure themselves against this. O'Reegan and Keegan (2003) concur with this idea as they state that all processes should then lead to the achievement of an organisation's aim.

Loh (1997), states that controlled improvement should not be limited to incremental gains; benchmarking should also be said to help provide solutions to improve results. Echoing a similar theory, Cooper (1996) state that benchmarking should also improve efficiency. Hyland and Beckett (2002) concur by stating that benchmarking allows an increased rate of organisational learning from within. Furthermore, benchmarking is said to encourage learning from outside the organisation, locally, nationally and internationally, promoting understanding and awareness of excellent practice — which can be adapted for the industry. Managers can also use benchmarking as a process to identify those practices that have resulted in the outstanding performance of successful companies (Loh, 1997).

A further expansion of view on the subject is given by O'Reegan and Keegan (2003), who state that the main point of benchmarking is to gather information that is analysed in order to identify performance gaps. Once the analysis has been done the next step is to identify the organisation's performance measures and to make comparisons with other benchmarking partners. The comparison should be made between target performance and actual performance. The argument for adopting such a move is that, if the organisation's performance is higher than that of the target, the organisation has a positive gap; on the other hand, if the performance is lower than the gap is negative and, therefore, decisions will need to be made in regard to narrowing the gap and identifying the capabilities needed to achieve the desired improvement. To concur with Johnson et al.'s (2005) view, managers should use the information on the league tables to compare results. However, they also need to observe and understand how top-performing organisations undertake their activities and try them to see if they could be imitated or improved upon.

There are several kinds of benchmarking: historical, industry/sector and "best-in-class" benchmarking. Historical benchmarking enables the organisation to identify any significant changes by relating their current performance to the past performance. Johnson et al. (2008, p116-7) argue that this may lead to complacency as there is no measurement against competitors. In addition, there may be a lot of other external factors that have affected the past performance that are not prevailing at present. Industry/sector benchmarking can also be used. This enables organisations in the same cluster/sector to compare their performance using a set of performance indicators. A league table can be produced to make comparison easy.

Generally, the most acceptable benchmarking is the best-in-class benchmarking, which compares an organisation's performances against "best-in-class" performance. The argument is that it shakes managers out of their mind set that improvements to performance will be gradual as a result of incremental changes in resources or competence, which is not the reality that many organisation face in the twenty-first century (Johnson et al. 2007). Furthermore, benchmarking provides a shock to managers to encourage them to better understand how to improve their competences.

For the benchmarking approach to bear the expected results, Ohno (1995) states that an organisation needs to take the following steps. Planning is crucial; ideally, the benchmarking study process should be properly planned and measurements of the performance process should also be identified. The organisation's own capability should be evaluated and there should be a clear guideline as to who can be included in the league table. It may be necessary to conduct primary and secondary research. Lastly, benchmarking analysis should include performance gap analysis, identify process enablers that facilitate the performance improvement for successful companies and also listen to customers. The above steps are not conclusive but may be used as a guideline.

Furthermore, benchmarking can add value to the products offered for customers also distinguishes the organisation from its competitors, thereby creating a competitive advantage (Cook, 1995). In particular, the Benchmarking Centre (2003) states that there are six specific benefits that can be derived from benchmarking. The process leads to effective management, presumably setting SMART targets, and enables organisational learning. Benchmarking opens up avenues for new ideas and allows the organisation to consider outside development and may also lead to a reduction in waste. O'Reegan and Keegan (2003) concur with the above benefits but include allowance for individuals to see outside the box; also that benchmarking can generate an understanding of world-class performance.

The above definitions are not absolute, additional argument for benchmarking is that understanding the organisational processes is a crucial step towards making benchmarking a success, also managers are motivated to analyse the information and draw strategic plans or conclusions from their findings if they benchmark.

However, the caveat of benchmarking, as stated by researchers, is that it leads to a situation where "you get what you measure". In other words, if the basis of benchmarking is flawed, it



can set off a re-orientation of strategies that are flawed and, therefore, it will not lead the organisation to a genuinely improved performance (Keegan et al., 2003). Another argument is that benchmarking does not identify the reasons for the good or poor performance of an organisation, as the process does not compare the processes directly. The other disadvantage is that if the sector as a whole is underperforming, there will be no incentive added to this and also competitors offering substitute products may win customers by satisfying their needs in a different way (Keegan et al., 2003). In addition, the caveat of benchmarking by sectors is that the diverse products that the organisation offers cause the boundaries to blur; for example, a retail supermarket offering financial services.

Additionally, Bowerman et al. (2001) state that the primary pitfall to avoid is to benchmark purely for its own sake, or to meet objectives where the results of benchmarking become secondary. In a publication by the Public Sector Benchmarking Services (2002) it is also stated that benchmarking is of little value if there is much emphasis on measuring the results without considering the processes. Both the Benchmarking Centre (2003) and the Public Sector Benchmarking Services (2002) acknowledge that organisations may fall into the trap of measuring only processes and results or making it a simple fast process in order to be seen to be successful; in essence, there is no improvement to the overall performance.

Furthermore, Keegan et al., (2003) state the following as the pitfalls of using benchmarking to improve performance. If not well planned benchmarking can create a lack of focus and priority; there may also be no relation with the organisation's strategies. For benchmarking to work well there should be leadership steering and a lack of it can be disastrous, with the possibility that management will not buy into the idea. The other pitfalls are issues like no clear owners of programmes, failure to consider customers' requirements and programmes causing too much disruption of work, which are not seen as relevant to the work Keegan et al., (2003). Therefore, danger may arise because the objectives of the organisation and those of the benchmarking partners conflict.

Other serious problems with most performance measurement systems used in firms are that they often include too many different measures, which makes it difficult to understand the big picture. Keegan et al.'s (1989) integration between measures is often problematic and many papers emphasise the fact that firms have no effective system that covers all necessary performance dimensions (Caplice and Sheffi, 1995; Ghalayini and Noble, 1996; Maskell,

1991; Schmenner and Vollmann, 1999).

Successful benchmarking involves a systematic and measured approach that comprises a series of activities enabling managers to identify where improvement to business performance is needed and how this may be achieved. Most researchers indicate that benchmarking programmes are associated with total QM initiatives. Keegan et al., (2003) also state that, under the current fashion for BPR, benchmarking is being promoted as a process management tool as it is perceived to help business processes. Benchmarking is also identified as a useful tool that can be used by individuals to assess their own performance and that of the organisation while at the same time encouraging involvement and creativity

## **2.3 CONCLUSION**

In conclusion, performance management is not about looking at only one aspect or paradigm. It is about looking at every single aspect within the organisation that may directly or indirectly affect the achievement or measurement of results. The paradigms used are from corporate level to operation level and can be applied in a SBU as well as the entire organisation. A summary of performance management is that different researchers have defined performance management from different angles. As stated above some look at performance management from an HR perspective, others from a corporate strategic planning perspective and others from gaining a competitive advantage perspective.

Furthermore, the literature search has shown that there is a lot more literature on various subjects that are said to influence performance management; however, there seem to be very little, if at all any, literature that combines most of them together (as there is always a co-relation between them) with a view to encapsulating every activity within the business that has an impact on performance. Therefore, acquiring an understanding of the different underlying factors that can affect the performance can help in analysing problems and finding long-lasting solutions.

Meyer (1994) highlights the importance of knowing where an organisation stands in relation to goal attainment, whereas Drucker (1995) argues that performance management can contribute to the generation of additional resources. Kaplan and Norton (1992), on the hand, discuss the benefits of innovation and speed that come from such practices. More so it was imperative to gain an understanding of the different interpretations of performance

management models such as HPWO, HPM, HPWS, HPWP and SHRM and how performance is measured in organisations.

HPM model was reviewed to see whether it is suitable for food retail industry however, as stated by previous researchers it involves high short-run costs therefore it is a difficult strategy for many firms to pursue, particularly in the face of competition from cost minimising firms following a 'low road' approach to competition (Konzelmann and Forrant, 2000). Moreso in the current economic situation most companies are downsizing and therefore job security is not assured which makes the HPWO and HPM models not to be effective as their main premise is job security.

Additionally, in regard to HPWO one of the question which is relevant to this research was raised by Thompson et al., (2004, p1045) as follows; 'is investing in developing general management capability a route to use of HPWO and higher levels of comparative performance? The conclusion drawn from the above discussion was that HPWO works well in the organisation with a flatter organisational structure where boundary, spanning roles are more common. Furthermore, there is also an indication that the model is intended for board level-management and CEO (Rosenbloom, 2000; Holbrook et al., 2000). Based on this argument it would be difficult to implement HPWO within the food retail sector.

Additionally, Thompson et al., (2005, p1045) concluded that the longitudinal data, did provide evidence for the relationship between HPWO and organisational performance, value added per employee in the short term, their evidence is unclear about the link in the long term and is therefore subject to further research, also there was also some suggestion of using that the data collection tools had a number of limitation. Consequently, Hillard and McIntyre (cited in Lloyd, 2000) stated that 'without a supportive industrial relations framework in place HPWO has only succeeded in a limited number of places.'

Moreso, based on Orlitzky's et al (2005, p1326) citation (of various researchers findings), despite its theoretical appeal and confirmation in some industry-specific studies (Arthur 1994; Dunlop and Weil, 1996; Mac Duffie 1995) the SHRM model has received little support (Becker and Huselid, 1998; 65, Wright and Sherman, 1999). Additionally, Orlitzky et al (2005, p1326) states that many HR and work organisational practice which fall under the

HPWP banner, do include private-sector such as manufacturing and services. However, there is no specific mention of food retail and it is not quite clear whether food retail falls under services.

The emphasis of HR practices-performance relationship is more robust for manufacturing than the services industries Guest et al (2003, p306). Similarly, services industries tend to employ different kinds of HPWP, with more emphasis on numerical flexibility in the form of job sharing, flexitime and less stress associated functional flexibility (Orlitzky's et al., 2005, p1331). Food retail environment will too employ different workplace practices due the nature of the business and the skill-set required. Orlitzky's et al., (2005) assumption is that local management in the labour-intensive services, are likely to have influence, however this is not always the case in food retail as the shop layout, product range and many other policies originate from head office.

In regards to HPM and HPWS which encourages innovation the concept would not work at the operational level as range of products sold and shop layout is decided centrally. Generally the stores of similar sizes tend to sell similar products and have almost similar layouts of the shop floor. Therefore the application of skills and innovative ideas by the Area managers, store managers and the employees is limited. Equally, the application of their tacit knowledge within their workplaces is very limited.

Furthermore Adcroft and Teckman's (2007) argument has also been taken into account, which explains that the outcomes enjoyed by any organisation are a result of more than just how this organisation performs but also includes the outcomes that are a result of a complex blend of internal and external factors in which the organisation operates..

The above literature review is not conclusive and additional paradigms can be included; as far as this research is concerned this is the beginning of appraising performance management from a different perspective all in one snapshot. Subsequently, a new framework was tried during the research study. The objective of taking such a stance was to unveil new ways of improving the business units, and organisations' performances that are struggling. Therefore, for the purpose of this research paper, a new framework was drawn that not only looked at the individual components that affect performance but also ways of managing these components to enhance performance. In order to cover most of the aspects that affect the performance management system in food retail sector, the subsequent chapters were

subdivided into four research streams, in order to capture most aspects which are apparent in convenience food industry. Additionally, there were not much literature debates covering some of the factor that may have a severe impact on performance, especially the ones summarised below.

From the corporate strategy point of view, the goals, policies and the objective of the company can affect the performance store, subsequently affecting the individual manager's performance. Some of the corporate strategic decisions that can affect the operation of the store are for instance the location of the store and the range of the product sold, however the achievement of the KPIs is the store teams responsibility regardless of whether the store is in a prime location or not. The senior management's decisions on classification of the store and who runs the store will also have an impact on the performance of the store. The capability of the operational team including area managers and HR managers does also have an impact on the overall success of the store. The staff and the processes adopted in the store will also have an impact on the general performance of the store and these will be mirrored in the appraisal of the individual's performance review, especially the store manager. The scorecard is the main instrument which determines whether a store/manager is a high performer or not.

The main KPIs that are now incorporated in the majority of the balanced scorecards are as follows:

- the financial key performance measures,
- customer satisfaction key performance measure,
- organisational perspective performance measure,
- operation perspective key performance measure,

Additionally, it is quite evident that employing contradicting KPIs can also have a major impact on some stores. In food retail i.e. JS- the measurement is by colour (red – below target and green – above target). The scorecard can also be used to benchmark with other stores. In regard to performance management, benchmarking can also be perceived to be an operational process of continuous learning and adaptation that may result in the development of an improved organisation. However, benchmarking stores which are in different locations but have the same sales budget may not bring forth the desired outcome.



# **CHAPTER 3**

## **METHODOLOGY**

### **3.1 RESEARCH PHILOSOPHY**

Research philosophy encompassed the epistemological assumptions of the research and the researcher. Generally the researcher could have been consider as a 'resource' researcher based on the data which was analysed from the JS records or would have been considered as a 'feelings' researcher based on the fact that the research was also concerned with the feelings and attitudes of the JS staff . The argument is that the way the researcher perceived the world, to a great extent, determined their philosophical assumptions about that world, which in turn were intrinsically connected to any underlying research epistemology (Myers, 1997). As researchers then, it was important to know what these assumptions were (Cecez-Kecmanovic, 2001; Stahl, 2005 based on citation by Edith Cowan University). Moreso, Dey (2002) argues that if researchers are aware of their own philosophies it does not mean they get the licence to produce known bias in their research but the knowledge acquired should help to reduce or limit its influence on the validity of the research as a whole.

Furthermore, Dobson (2002) states that determining a philosophy involves understanding both the phenomena and the research purpose and any relationship between them. A counter argument is that the object of the context of the research purpose is in fact, a clear understanding of the phenomena which is being studied. Conversely, the object/phenomena are understood to be a contextual entity, and the context provides at least part of the researchers understanding of the investigation. In addition, the choice of the research philosophy that was adopted depended mainly on the way that we thought would be the best way to go about the development of knowledge i.e. "what one wants to learn determines how one should go about learning it" (Trauth 2001). In this research our quest is to find a performance management system which is suitable for the food retail sector (convenience stores to be specific). Different philosophical stances were reviewed as follows;

#### **3.1.2 POSITIVISM**

In its broadest sense, positivism holds the position that the goal of knowledge is simply to describe the phenomena that we experience. Therefore, knowledge of anything beyond that, a

positivist would hold, as impossible. Even more a positivist view of the world is through scientific lens as they perceive that it is the only way to get at the truth, to understand the world well enough so that we might predict and control it. Not only that, adopting positivism would imply working with observable social reality and that the end product of such research can be law-like generalisation, which is similar to those produced by the physical and natural scientist (Remenyi et al 1998, p32). Additionally, the research would have to begin with a hypothesis, this will then lead to the researcher adopting a methodology designed to test if the hypothesis is true. However, the current research falls in the category of social science therefore positivism was not a suitable philosophy to adopt as not only does it ignore subjective experience, or the underlying causes, it would not also have helped the researcher to answer the research question.

### **3.1.3 INTERPRETIVISM**

Interpretivism approach was considered as it is an approach which begins with the researcher adopting a methodology which is designed to closely observe and analyse the phenomena and develop possible explanations regarding its characteristics. Further consideration was that, interpretivism research epistemologically recognises the researcher's bias, but also acknowledges the fact that she/he will play a significant role in the research process. As a researcher who is already working for J Sainsbury's, the above may have applied, however, Janesick's (2000) argument was also applied, which states that a researcher's individual mind set, skills and knowledge can become an intrinsic part of the research process.

The counter argument by positivists is that the researcher's involvement can influence perceptions of the phenomena and therefore the results. However, this was minimised by the knowledge acquired during the literature review which will refined the theoretical lens of the researcher and also the incorruptible secondary data (i.e. from the scorecard) which was collected from J Sainsbury's for the stores that were researched. Additionally, an awareness of the underlying assumptions about the world in which the stores operate also provided the researchers with the tools by which they recognised particular bias in the research and therefore limited its influence on the validity of the research as a whole (Dey 2002).

Lee (1991) is cited to state that positivist and interpretivism approaches are neither opposed, nor irreconcilable, at the most basic fundamental level; both approaches are driven by a need



to scientifically understand or explain observed phenomena, which motivates a scientific enquiry of that phenomenon. Critical Realism in way has elements discussed above.

### 3.1.4 CRITICAL REALISM

As a growing paradigm within the social science field of research, critical realism, like triangulation, embraces the concept of methodological pluralism (Landry & Banville, 1992), but it does so at a philosophical level by drawing its epistemology from such schools of thought as positivism, interpretivism and critical research. Critical researchers believe that bias is an inherent characteristic of humans, and given that research is conducted by humans; that all research is to some degree biased (Pather & Remenyi, 2004). In this respect, it could be argued that critical realism is an interpretive approach to research, except that for the realist, reality itself is not just a social construct (as an interpretivist would believe) since it is able to pre-exist the social analysis of it (Dobson, 2002).

Therefore, for the critical realist, only the knowledge of reality is inherently subjective, reality itself remains relatively objective and unchanging. This belief that there exists a natural uniformity to 'reality' outside of the researcher's contextual interpretation of it allows the critical researcher to better address Hume's "*problem with induction*" by assuming a degree of scientific predictability in the phenomena being investigated (Dobson 2002). In this way, critical realism, as a research philosophy, more or less requires a pluralistic approach to its adopted methodology in that it embraces both the absolutes of positivism and the recognised bias of interpretivism (Landry and Banville 1992).

Furthermore, there is a common ground between critical realism and interpretivism as both views have originated out of a need to address and overcome some of the limitations associated with positivism (Hjørland, 1998; Wallace, 1998; Pather & Remenyi, 2004), recognising that phenomenon such as performance management exist in a social context therefore numbers and rigorous statistical tests may not necessarily be able to measure effectively (Pather & Remenyi, 2004). From a purely pragmatic point-of-view, critical and interpretivism researchers recognise that the researcher is part of the world being studied (Schostak, 2002) which was the case in this research, and that the act of the research investigation has the capacity to affect what is being researched, which, in turn, has the capacity to influence perceptions of the phenomena and therefore interpretation of results.

The argument in support of using pluralistic (critical realism) philosophical view was that research methods and tools that may otherwise not be available if the researcher took an absolute positivist or absolute interpretivist approach are made available by adopting a mixed approach. Where a positivist could aim for replica ability and generalizability, and the interpretivist could enhance the in-depth understanding of a phenomenon, the mixed approach of the current research will provide methods for the researcher to achieve both outcomes (Mingers, 2001a).

The argument for mixing research approaches however is criticised by writers such as Orlikowski and Baroudi (2005), who believe that triangulation of methodologies is simply not possible. For the interpretivist researcher:

***“There is no sense in which the interpretive perspective can accommodate positivistic beliefs. Interpretivism research is seen to be based on philosophical assumptions which are essentially different from those of the positivist perspective (Orlikowski & Baroudi, 1991).***

In the current research considerations were made as to which research approach would best suit the phenomenon. Significantly, adopting the philosophical stance of the natural scientist would make sense if the research philosophy reflected the principles of positivism. As already discussed the positivist views the world from scientific lens and also contends the object of discussion assumes a degree of scientific predictability. Not only that, using the positivist approach would have been justified if the research was about theory testing, however that is not the case.

Additionally, Critical realism was also considered as in one hand it holds that it is possible to acquire knowledge about the external world as it really is, independently of the human mind or subjectivity. That is why it is called *realism*. On the other hand it rejects the view of *naïve realism* that the external world is as it is perceived (Encyclopaedia of Science and Religion web link).

Having considered the three philosophical views, the one which was suitable for the current research was interpretivism. This philosophical view was adopted based on argument that it is the philosophy that explores the subjective meaning of, and encourages the interpretation of, people's reactions (Janesick's 2000). One of the disciplines that were reviewed was human resource management in relation to performance appraisals, training and reward system. The

reaction of staff as to whether the proper use of the above will enhance or do have an impact on performance will add value to the research.

In addition, interpretivism did also provide an interpretation to the events and helped to draw a meaning from the events and also helped the researcher to understand the motives. To illustrate this view, it was imperative to take into account events that happened during the financial year which either boosted or had a negative impact on the financial results, which otherwise could not be statistically analysed. Furthermore, in reference to this particular research, performance management problems associated with convenience stores often exists in a social context, which means statistical tests alone would not have necessary been able to measure the results effectively. (Pather & Rameyi 2004).

In this research the anomaly of biasness was overcome through continuous consultation with the area team bearing in mind that the alternative approach of the positivist which attempts to remove their “self” from the study, and in so doing, makes a claim to a more “objective” research approach was not obsoletely possible.

## **3.2 RESEARCH APPROACH**

Similarly, Gallier (1992) proposes that, choosing a research approach does involve determining the approach which best suits either the phenomena to be studied or whether the goal of the research is theory testing, theory building or theory extension.

### **3.2.2 DEDUCTIVE VERSUS INDUCTIVE, OR A COMBINATION OF BOTH?**

At an epistemological level, deductive (or positivist) researchers generally assume that reality is objective and can be described or measured using methods that are independent of the researcher (Myers, 1997). Deductive Approach is about developing a theory and hypothesis (or hypotheses), and then design a strategy to test the hypothesis (Saunders et al 2003). Additionally, Bryman (2004) states that the researcher, on the basis of what is known about a particular domain and theoretical considerations in relation to that domain, deduce a hypothesis (or hypotheses) that must then be subject to empirical scrutiny. The hypothesis will have embedded in them researchable entities which will either be confirmed or rejected.

On the other hand, inductive (or interpretivist) research adopts the position that a researcher's knowledge of reality is socially constructed and, since the enquirer uses their own preconceptions in order to guide the process of inquiry, the result is that value-free data actually cannot be obtained (Walsham, 1995). Additionally, the inductive approach would also criticise the deductive approach because of its tendency to construct a rigid methodology that does not permit alternative explanations of what was going on (Saunders 2003 p87). As stated previously, however, it is not always helpful to polarise the two approaches to such an extent (Onwuegbuzie & Teddlie, 2003).

Significantly, adopting inductive approach enabled the researcher to get a feel of what was going on in each convenience store which was part of the research sample, especially those that are underperforming. By so doing, the researcher was able to understand better the nature of the problems associated with the performance management of each store. To illustrate further the research adopted inductive approach because the research took place in a real world setting and the actual phenomenon of interest was allowed to unfold naturally because there were no predetermined course established by or for the researcher, like would have been in a laboratory setting. In addition the researcher was required to make sense of the interview data collected by analysing in a qualitative way. The results of this analysis led to the formulation of theories which can further be tested, and if need be improved on, at a later stage.

Furthermore, this research was based on building the theory relating to performance management of convenience stores which is different from production/manufacturing companies. Conversely, it should be stated however, that the categorising of the research purpose in terms of *theory testing* versus *theory building*, while extremely useful in helping the researcher to identify their epistemological position, is considered by some authors (Kaplan & Duchon, 1988; Sonnenwald & Iivonen, 1999; Thurmond, 2001; Dooley, 2002; Onwuegbuzie & Leech, 2005; Krauss, 2005; Williamson, 2006; Presbury & Fitzgerald, 2006 citation in the Edith Cowan University, 2005 article p9) to be limiting in that it locks the researcher into relying on only one research paradigm, or view of reality.

Before proceeding it is worth considering Trochim argument which contends that "all quantitative data is based upon qualitative judgments; and all qualitative data can be described and manipulated numerically", a notion that has been embraced philosophically by

pluralism, and methodologically by triangulation (Trochim, 2002). It was developed by researchers who believe that deductive and inductive research are not actually opposed, but rather simply focus on the different dimensions of the same phenomenon (Das, 1983 and Onwuegbuzie & Leech, 2005). In addition researchers like Amaratunga et al (2002), have argued that methodological pluralism embraces both quantitative/deductive and qualitative/inductive research approaches by supposing that both approaches have degrees of the other inherent within them. The method which was adopted to gather the information was more in line with social science approach than pure science approach. Additionally, an element of methodology pluralism was adopted during the research.

### **3.3 RESEARCH DESIGN/STRATEGY**

The methodology is the actual strategies employed to develop the tools for data collection, the practical workings of which are governed by the *research design*. The research design is seen as the blueprint for the delivery of data collection tools. In addition the choice of the strategy is based on the research question, objectives, data requirement, time and control (constraints imposed on method of data collection and analysis). Each of the strategy can be used for different research purposes i.e. exploratory, descriptive, or explanatory. To illustrate further; research questions which focuses on ‘what’ questions are more likely to be exploratory, while the ‘why’ and ‘how’ questions are more associated with explanatory.

There are different methodologies that could have been adopted to answer the research question, i.e. Action research, case study, ethnographic approach, content analysis (grounded theory), comparative design, experimental design, exploratory research, data analysis, observation and cross-sectional (social survey) design. However, in order to decided which methodology best suited the research it was important to review each methodology based on the method/strategies, associated data collection & analysis strategies, philosophical approach and research purpose. We also considered them in detail in order to identify which one of them best suited the current research.

Action research strategy was contemplated and could have been adopted because it involves a reflective process, which usually leads up to problem solving. It would have been suitable, bearing in mind that in the current research we were trying to identify ways of resolving poor performance. Furthermore, this research strategy is associated with constructivism, observation and contextual data analysis. Particularly, the philosophical approach behind the

strategy is inductive therefore can be used in a research where the purpose is theory building which is the case in this research.

Furthermore, archival analysis strategy was considered as an alternative as it uses existing records and data to facilitate theory building or testing. Archival analysis strategy is suitable for both deductive and induction philosophical approaches (Yin 2003). Archival strategy was more suitable for a research which aims to develop pertinent hypotheses and propositions for further inquiries (Yin 2003). Additionally, reviews were done for the other strategies and 3 different types of case studies were considered, (which has been classified as case study type 1, 2, and multiply). Case study type 1 was not suitable for the current research as it is a research strategy which is used to study a single phenomenon or context.

However, in this research business performance of different stores was being studied. The data analysis strategy required for case study type 1 methodology is structural equation modelling or interviews and the philosophical approach is deductive. This type of strategy is suitable for a research where the purpose is to test theories, bearing in mind that this research is about theory building the strategy was therefore discarded.

Furthermore, Case study type 2 which is similar to type 1 as it also involves a single phenomenon or context was cogitated. Typically case study 2 has an addition feature of being an in depth and contextually driven research. It is an inductive approach and the data analysis strategy is interviews or field notes. As this strategy enables the study of a single occurrence it was not suitable for the current research. However the research purpose is suitable for this research as it is aimed at of theory building. The third type of Case study which is multiply case study is an in- depth, contextually driven research, involving comparison of single phenomena. The associated data analysis strategies would normally be interviews and surveys. The strategy is suitable for inductive approach as the purpose of the research would be theory building.

Additionally, ethnography was also considered as it is a research method which is designed to help to understand phenomena in the social and cultural contexts in which it exists. The data collection and analysis strategies associated with ethnography are grounded theory, relativism or constructivism. The philosophical approach would be inductive and therefore would be suitable for a research which is aimed at theory building. Furthermore, an ethnographic approach could have been used except for the fact that it involves using unstructured data,

including non-participant observation of behaviour and recorded speech, which, when analysed and interpreted by a researcher, result in an explanation of meaning in its situated context.

Alternative strategy such as content analysis, which is also an inductive approach, was also considered but was not adopted because of time constraints. In addition deliberation on exploratory research approach revealed that although it is an inductive philosophical approach, it is only applicable if the research problem is not yet clearly defined. The advantage of using this strategy would have been for the purpose of adopting this research would have been to build theories and the data collection/analysis would be associated with grounded theory or constructivism.

Additionally, three more research strategies were considered but could not be adopted because their philosophical approach is deductive, hence the research purpose would be theory testing which is not what this research is about. These were experiment, meta-analysis and cross sectional surveys. Furthermore some research strategies such as conceptual analysis and data analysis were also considered because they have an inductive approach, but could not be taken up because the data collection and analysis strategies take the form of data mining and concept modelling. Equally, these strategies are more suitable for computer science research rather than social science research.

Conversely, survey and archival analysis strategies were discarded as they are only advantageous when the research goal is to describe the incidence or prevalence of a phenomenon or when it is to be predictive about certain outcomes (Yin 1994 p4). However in this research we are dealing with operational links which are being reviewed over a period of time. Additionally, in order to understand the concept of performance management, not only will interviews being carried out but also an array of documentary evidence will be reviewed. With such a consideration to be taken into account therefore history and case study strategies are more likely to be chosen.

In order to narrow down the choice of the research strategy even further, the extent of control over behavioural events and degree of focus on contemporary as opposed to historical events was considered (Yin 1994 p4) - Figure 4.1 column 3 and 4). Based on the research question alone, there was still an option to choose either history strategy or case study (Yin 2003). However, history strategy is a preferred strategy when there is virtually no access or control

(Yin 2003). Particularly, since the distinctive contribution of the historical method is in dealing with the “dead” past. To explain further, history strategy is adopted, when no relevant persons are alive to report, even retrospectively, what occurred and when an investigator must rely on primary documents, secondary documents, and cultural and physical artefacts as the main source of evidence (Yin 1994, p8). The techniques applicable in a history strategy are the same as those for case study, however two additional sources for the latter creates the distinction between the two strategies making multiply case study more relevant to this research; these are, direct observation and interviews of the persons involved in the events.

Just before we move to the justification of the strategy adopted it is worth reviewing some of the research strategies in a summary form;

**Table 3.3** Relevant Situations for Different Research Strategies

Strategies	Form of research question	Requires control of Behavioural Events?	Focus on Contemporary events
Experiment	How, why?	Yes	Yes
Survey	Who, what, where, how many, how much?	No	Yes
Archival analysis	Who, what, where, how many, how much?	No	Yes/No
History	How, why?	No	No
Case Study	How, why?	No	Yes

Source COSMOS Corporation (extract from Case study Research Design and Methods (R K Yin 1994 p6)

Finally, experimental design could not be considered suitable for the convenience stores, on the basis that the environment in which they operate would create problems in achieving the requisite level of control when dealing with organisational behaviours. Moreso, experiments are done when an investigator can manipulate behaviour directly, precisely, and systematically, and this can only occur in a laboratory setting in which the experiment can focus on one or two isolated variables (Yin 2003). Alternatively, as a social experiment where whole groups of people are treated differently. Conversely, conducting a survey was another option which was considered and it was used to compliment the interviews as in-depth knowledge was required for this research. The survey questionnaires alone would not have obtained the detailed information from the respondents as was required.



Case study strategy will now be considered in-depth to justify the choice. Case study method allows the researcher to retain the holistic and meaningful characteristics of real-life events - such as individual life cycles, organisational and managerial processes, neighborhood change, international relations and the maturation of industries (Yin 1994 p3). Contrary to the belief that case study is only appropriate for a descriptive research and that experiments are the only way of doing explanatory or causal inquiries, it has been established that the strategy can be used for the all the three purposes - exploratory, descriptive or explanatory (Shavelson & Townes, 2002 citation in Yin 1981a, 1981b).

Typically, case study would provide a systematic way of looking at how the corporate strategies were cascaded and implemented, especially those discussed at the annual conferences and the half yearly regional conferences. The unique strength is the ability to deal with full variety of evidence – documents, artifacts, interviews and observation (Yin 2003). Significantly this is what is more relevant to this research as trying to understand the performance of the stores/managers requires a review of the processes adherence, License to Trade audit results, stock loss and process report and compliance to the new Diary system. Additionally case study strategy did also enable the researcher to answer the research question which is already stated above.

Further justification is that case study strategy did facilitate the review of key performance drivers. To illustrate the point further, it was pertinent to review the different factors that affected convenience stores during the course of the financial year, some which were one-off events (i.e. road works, refrigeration breakdown, closure of a tube station or competition) but had a severe impact on the end of year results. It was with this in mind that an ethnographic approach was discounted in that it would not provide the insight needed to interpret the performance of such stories

The research question is focused on the ‘why’ and is also dealing with operational links which needed to be traced over a period of time rather than the frequencies or one off incidents therefore case study will be more appropriate.

Further consideration was that case study is appropriate when one wishes to cover contextual or complex multivariable conditions and not just isolated variables. In addition case study is a better choice if the researcher is relying on multiple and singular source of information,

finally case is normally associated with process evaluation (Yin 2003). Therefore, in this research multiple-case study was used because of the unique strength of having the ability to deal with a full variety of evidence which was available i.e. documents, artefacts, interview and observation which might not available in the other strategic designs (Yin 2002). In addition this multiply case study had been chosen because it followed replication logic. Each individual case study consisted of a "whole" study, in which facts were gathered from various sources and conclusions drawn on those facts (Tellis 1997).

As indicated above, a multiple case study was carried out on stores within London and Greater London in order to facilitate triangulation. This also included quantitative evidence, which relied on multiple sources of evidence. More information was obtained by conducting structured interviews with the Area Managers, Human Resource Managers and senior members of management (directors).

### **3.4 DATA COLLECTION**

The argument is such that when it comes to the selection of a data collection method and the analytical method to be used there should be no inconsistencies caused by the research design limitation or variables. Although different strategies were available to the researcher, it was imperative to choose the one which suited the philosophical approach (chosen) better than the others. In some cases some approaches can allow or even require multiple methodologies to be applied. The guiding principle should always be to ensure that the research data retains its expressed validity to the research project (Rowley 2002).

There are three tasks in this stage that must be carried out for a successful project: Preparation for Data Collection, Distribution of the Questionnaire, and Conducting Interviews Yin (1994). These stages are presented together in the following section, since they are interrelated. Once the protocol has been developed and tested, it puts the project into the second phase - the actual execution of the plan. In this phase the primary activity is that of data collection. The protocol described above addresses the types of evidence that are available in the case organisation. In case studies, data collection was treated as a design issue that enhanced the construct and internal validity of the study, as well as the external validity and reliability (Yin, 1994). Most of the field methods described in the literature treated data collection in isolation from the other aspects of the research process, but that would not be productive in this case study research (Yin, 1994).

### **3.4.2 Preparation of data collection**

Primary data in line with the literature review was obtained from J Sainsbury's PLC. In addition, secondary data was obtained from store support departments at Head Office, distribution centres (i.e. Feltham depot), retail journals and Sainsbury's intranet. In measuring past performance, 6 convenience stores were chosen by the Area Manager based on the balanced scorecard information for 2009/10 financial year.

Yin (1994, p79) identified six primary sources of evidence for case study research which will be adopted. It can be argued that not all sources are essential in every case study, but the importance of multiple sources of data to the reliability of the study is well established (Stake, 1995; Yin, 1994, p79). In current research only five out of the six were used. It has also been recognised by the researcher that the use of each of these might require different skills from them. The six sources identified by Yin (1994, p80) are:

#### **1. Documents**

The scorecard includes financial and non-financial results. The best and the worst stores were selected using the information-oriented case selection criteria, three of the stores selected were from London and three from Greater London. The London stores have been chosen because they face more challenges in terms of Human Resource management and process adherence. The findings can then be analytically generalised to other big cities such as Manchester, Liverpool, Edinburgh, Birmingham etc. The Greater London stores chosen have the same dynamics as those in smaller cities/towns, and will therefore provide a good representation of the average stores operating elsewhere. The argument in support of generalisation is based on Marshall and Rossman (1999) who state that if the findings relate to an existing theory, the generalisation can be considered valid.

#### **2. Archival records**

The data collection did entail a review of performance-related documentation such as mystery customers shopper's audit (MCM), mystery product availability audits (MAC), License to Trade audits and Talkback survey results. In addition half-year profit and loss reports were reviewed too. Desktop research was also conducted prior to the interviews, as the internal website has a host of information of 'what great stores look like'. Only information relating to performance management had been used to benchmark the stores in regard to processes

adopted; also the questionnaires had revolved around this information as well as the performance management theories cited in the literature review

### **3. Interviews**

Different tiered questionnaires were used, with all questions being derived from the performance management literature review. From these questionnaires some had been used when the researcher was conducting in-depth recorded interviews with senior members of management i.e. Southern Regional Managing Director (RMD), Operations Director (OD), Human Resource Director (HRD), Commercial Finance Director (CFD), three Convenience Stores Area Managers (AM) and three Area Human Resource Managers (AHRM). The reason for making such a distinction was that these managers have a working knowledge of the performance of all stores across the business estate. Store managers and other key staff were given a questionnaire-based five point Likert's scale which required them to state the importance or non-importance of the statements made. The questions were aimed to enable the respondents to evaluate the extent to which policies affect their performances. Three members of staff from the distribution centre and the store support centre were also interviewed.

### **4. Direct observation**

Most of the performance drivers are influenced by the way the staff conduct themselves i.e. towards customers and also their adherence to operational processes. Therefore, observations were carried out when the researcher was on site carrying out diary audits.

### **5. Participant observation**

Will not be adopted to avoid concerns of bias of the researcher

### **6. Physical artefacts**

Physical artefacts that were looked were the Pride Wall, Shining Star Board and the colleague council board and any physical evidence that might be gathered during a site visit.

Subsequently, having considered the above, a structured approach based on Yin (2002) three principles of data collection for case studies was adopted:

1. Use multiple sources of data

2. Create a case study database
3. Maintain a chain of evidence

The rationale for using multiple sources of data was the triangulation of evidence. Triangulation increases the reliability of the data and the process of gathering it. In the context of data collection, triangulation served to corroborate the data gathered from other sources. The cost of using multiple sources and the researcher's ability to carry out the task had been taken into account prior to deciding on the use of this technique.

The data that was collected during this phase was organised and documented just as it would have been in experimental studies. The two types of databases that were required were the data and the report of the researcher. The design of the databases had to be in such way that other researchers would be able to use the material based on the descriptions contained in the documentation. All types of relevant documents were added to the database, as well as tabular materials, narratives, and other notes.

In recommending that a chain of evidence be maintained, Yin (1994) was providing an avenue for the researcher to increase the reliability of the study. The procedure is to have an external observer follow the derivation of evidence from initial research questions to ultimate case study conclusions. The case study report would have citations to the case study database where the actual evidence is to be found.

### **3.5 SURVEY QUESTIONNAIRE AND INTERVIEW PROTOCOLS**

In this research the respondents also used two different designs of questionnaires depending on their level in the business; qualitatively designed for senior managers and quantitatively designed for junior members of staff. The purpose of including qualitative and quantitative interview designed questionnaires was to get more information which may not be incorporated in the case study but would be valuable in answering the research questions. It is can be argued that few researchers use purely qualitative analysis, (Kincaid, 2003) or quantitative (Friend, 2001; Silverman, 1981, Whittinghill, 2000), however most began with qualitative followed by quantitative analysis of subsequent round Likert-style questions (Friend, 2001)

The same approach was adopted for this research, so that other stakeholders who influence the store performance could share their views, in addition to that collected in store during the

case study. These are store support staff based in head office such as Human Resource Director, Convenience Directors and Area Managers. The aim of adopting such a strategy was to get responses which would answer questions on leadership styles that enhance performance and how compliance to policies also impacts on the overall results. The goal was also to establish the links between the strategy generation, implementation and the end results on the scorecard which is what is measured during the performance management review.

In this research cases studies were conducted but furthermore, in-depth interviews were conducted with the senior members of management. Selecting senior manager participants was a critical component of this research since it was their expert opinions upon which the output of the research was based on (Bolger & Wright 1994; Parente, et al 1994). Therefore, before we proceeded with the selection there were four requirements for “expertise” which were be considered;

- knowledge and experience with the issues under investigation;
- capacity and willingness to participate
- sufficient time to participate in the research
- effective communication skills (Adler & Ziglio 1996).

Since expert opinion is being sought at senior management level, a purposive sample was necessary as people were selected not to represent the general population, rather their expert ability to answer the research questions (Fink & Kosecoff 1985). In-depth interviews was carried out with senior management and the questions were directed as follows

- Human Resources Director covered the J Sainsbury’s’ policies on training, performance appraisal system and assessment centres.
- The Head of Operations covered policies affecting investments in new stores and how the site locations can affect overall performance.
- Financial and Commercial Director covered the budget allocation and financial performance.

- Southern Region Managing Director and area managers will cover the cascading of strategies, leadership styles, benchmarking, scorecard results and management capabilities.

In addition quantitative designed questionnaires based on Likert-style questionnaire were sent out to complement the case study and the in-depth interviews. All questionnaires were designed in a way so that the responses were reported easily and quickly. The context and background information was provided to all, so that the respondents knew why they were participating. The questions were posed in a neutral easily understood wording that captured the most accurate and complete data.

As this research was about managing poor performing, internal influences such as Human Resource Management (HRM), corporate strategies, leadership styles, process adherence had to be reviewed. Performance measures such as benchmarking and scorecards were also evaluated. The questions were derived from the literature review with convenience directors responding to qualitative research questionnaires which had questions that were derived from frameworks on corporate strategies, total quality management and senior management leadership style. On the other hand convenience store managers responded to questionnaires which were drawn from the literature review on process measures, performance measures (benchmarking and scorecard) and 'Just In time' stock management system.

The Human Resource Managers and frontline staff's questionnaires enabled data to be collected in a quantitative way with a Likert's scale being used to weigh the responses. The HRM's questionnaire was based on the appraisal systems, reward system and training programmes. In addition the questions that were answered by the frontline staff were focused on the implementation of J Sainsbury's policies. Generally to make the questionnaire more reader friendly, each consisted of no more than 3 pages. Apart from the senior management all other questionnaires were designed to take no more than 20 minutes of the respondent's time.

Peers reviewed the questionnaires and provided feedback prior to the distribution. 75 questionnaires were sent out to 6 neighbourhood stores (in different parts of London) based on the following criteria; 15 for any store with 30-40 colleagues and 10 questionnaires to stores with less than 20 colleagues. Each of these questionnaires were handed over to the store managers to distribute to their colleagues. In three stores the questionnaires were sent

via email to the store managers email address due to the travelling distance between the stores. The caveat in regard to depending on the store managers distributing the questionnaires is that the researcher has no control over the choice of respondent and the quality or reliability of the data produced. However, the secondary data which was analysed and the case study findings validated the survey output analysis.

All the completed questionnaires were physically handed back to the researchers by the store managers within two weeks. The response rate was just under 50% as out of the 75 sent out only 35 were received back of which 5 had either incomplete or illegible data. The remaining 30 questionnaires from the colleagues were analysed statistically. The sample analysed is quite small therefore the argument is in regard to the reliability and the generalisation of the information. Information regarding the reliability of the output is discussed later on in this chapter.

As already indicated the case studies and the analysis of the JS secondary data was intended to corroborate the data output of the survey.

Subsequently, questionnaires were sent to the 6 store managers, 2 Area Managers and 4 Area Human Resource Managers. As a follow up one Area Manager and Area Human Resources Manager were interviewed in order to gain clarity on issues that were raised in during the case studies. Questionnaires for Directors, Area managers and Area Human Resource Managers were sent via email, and face to face interview was arranged within one month of the email. Interview protocols were used by interviewers, if necessary, to help the interviewee to understand what was being asked. Copies of the interview protocols with prompts are provided at the end of this text as appendices with various cuts across the interviewees, including:

- Area Manager Interviewees – across all three study clusters.
- Area HRM interviewees – from two study clusters.
- Directors – across J Sainsbury's study.
- Interviewees – across all study stores (including store manager).



The first three will be the most informative for the study objectives. The findings are combined and contrasted with the literature review and the key informant interviews to identify areas of overlap, agreement, or disagreement.

At the conclusion of the research, all study participant names will be removed from hard and softcopy files so that no links can be made between interviewees and their responses. To protect anonymity and provide confidentiality, interviewee names are not provided in this report and will not be provided to university

### **3.6 DATA ANALYSIS**

Some of the data-collection strategies discussed in the previous section could easily fit in a deductive approach as some questionnaires were statistically analysed. However the case study element in this research which was the most significant part the research had an inductive focus; adopting strategies most often associated with multiple case studies and explorative. The purpose of examining the body of inductive methods was not to find a single methodology with which to guide the data analysis phase of the current research, but to provide a theoretical backdrop by which the researcher could develop a novel, yet theoretically robust, framework for data analysis.

Data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of a study (Yin, 1994 p102). The analysis of case study is one of the least developed aspects of the case study methodology. The researcher needed to rely on experience and the literature to present the evidence in various ways, using various interpretations (Tellis 1997). This became necessary because statistical analysis is not necessarily used in all case studies. However not all the information gathered in the case studies lend themselves to statistical analysis and in fact the attempt to make the study conducive to such analysis would have inhibited the development of other aspects of the study (Tellis 1997). An addition alternative analytic technique of analysis that could have been adopted is that suggested by Miles and Huberman (1994) which uses arrays to display the data, creates displays, tabulates the frequency of events, orders the information, and other methods. The argument against this technique is that it must be done in a way that will not bias the results for it to be considered reliable.

Yin (1994, P106) suggested that every investigation should have a general analytic strategy, so as to guide the decision regarding what will be analysed and for what reason. He presented some possible analytic techniques: *pattern-matching*, *explanation-building*, and *time-series analysis*. Trochim (1989) considered pattern-matching as one of the most desirable strategies for analysis. This technique compares an empirically based pattern with a predicted one (or with several alternative predictions). If the patterns match, the internal validity of the study is strengthened (Yin 2002). In this research, the analysis relied on the theoretical propositions that led to the case study (Yin 2002). If theoretical propositions were not present, then the choice would have been to consider developing a descriptive framework around which the case study is organized (Tellis 2007).

The actual comparison between the predicted and actual pattern might not have any quantitative criteria. In any event the discretion of the researcher was therefore required for interpretations (Tellis 2007). With this in mind it was imperative to adopt explanation building analytic techniques to analyse the case studies data. This helped to confirm the reliability and the validation of the research. The findings on the junior staff questionnaire were statistically analysed using the SPSS programme.

### **3.7 RELIABILITY AND VALIDITY**

As cited by Tellis 2007, in all research, consideration must be given to construct validity, internal validity, external validity, and reliability (Pandit 1996, Dooley 2002, Rowley 2002 and Yin, 1989). However, not all levels of validity are applicable for all research. It is therefore imperative that the level of the validity matches the research purpose. Levy (1988) established construct validity using the single-case exploratory design, and internal validity using the single-case explanatory design. Yin (1994) suggested using multiple sources of evidence as the way to ensure construct validity.

The current study used multiple sources of evidence; survey instruments for junior staff, interviews (for senior management), and documents (balanced scorecard). The specification of the unit of analysis also provided the internal validity as the theories were developed and data collection and analysis tested those theories. Yin (1994) is to state that, the assertion of external validity could be achieved from theoretical relationships and from these generalizations could be made, this case study external validity was not tested (Tellis 2007).

The survey results were analysed statistically, therefore it was imperative to check the scale’s internal consistency. The most common indicator used to measure internal consistency is Cronbach’s alpha coefficient and as part of the research

Table 3.7 Cronbach Alpha test

Case Processing Summary			
		N	%
Cases	Valid	30	85.7
	Excluded <sup>a</sup>	5	14.3
	Total	35	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics	
Cronbach's Alpha	N of Items
.680	10

The result of the reliability test is .680, ideally the Cronbach alpha coefficient of the scale should be above .7 (Pallant 2005). Having said that, the Cronbach Alpha values are sensitive to the number of items in a scale, the fewer the items the lower the Cronbach value. The Cronbach value of .680 though below .7 it still acceptable considering there are only 10 items

In addition reliability was established by using a credible and consistent line of enquiry and data collection. This implies that the use of the same data-collection would produce the same results in a similar setting (Tellis 2007). It is the development of a formal case study protocol that provided the reliability that was required of all research. Equally reliability test were carried out on the survey responses.

3.8 LIMITATION

According to Tellis (2007), the issue of generalization of case study results has appeared in the literature with regularity, with frequent criticism stating that the results are not widely applicable in real life. Tellis (2007) cites Yin as particularly refuting that criticism by

presenting a well-constructed explanation of the difference between analytic generalization and statistical generalization: "In analytic generalization, previously developed theory is used as a template against which to compare the empirical results of the case study" (Yin 1994 p10). The inappropriate manner of generalizing assumes that some sample of cases has been drawn from a larger universe of cases (Yin 1994). Thus the incorrect terminology such as "small sample" arises, as though a single-case study were a single respondent (Yin 1994).

Stake (1995) argued for another approach centred on a more intuitive, empirically-grounded generalization. He termed it "naturalistic" generalization (citation by Tellis 2007). His argument was based on the harmonious relationship between the reader's experiences and the case study itself. He expected that the data generated by case studies would often resonate experientially with a broad cross section of readers, thereby facilitating a greater understanding of the phenomenon (Tellis 2007).

### **3.9 ETHICAL CONSIDERATIONS**

As a social researcher the issue of ethics is incredibly significant. In the sense that ethics is concerned with what is right or just, in the interests of not only the project, its sponsors or workers, but also others who are participants in the research (May et al. 2001).

Bryman (2004) suggests that the issue of ethics differs among writers, what one researcher may consider as ethically acceptable may not be held by others. Bryman (2004) provides the ethical principles in social research used by Diener and Crandell (1978) and the ones that relate to this research which may affect the participants are; invasion of privacy, informed consent and deception (2004, p509).

Robinson & Throne (1988) outline the dilemma of ethics in relation to the qualitative methodology and suggest four major issues that need consideration; informed consent, influence, immersion and intervention. During the research the following action took place;

- Consent forms were given to participants, however in some cases orally (recorded) consents were also obtained from those who participated in the case study and store managers were aware of research that was taking place in their store. All junior staff as well as operation managers completed the questionnaires voluntarily

- Great care was taken in the interview and analysis stages not to impose researcher view or influence the participant responses.
- The researcher's role was clarified and stressed, intervention was reported in the findings
- Clear understanding was sought from the executive managers as their expectation, confidentiality and if the wish some of the information provided to treated with anonymity. All information gathered during the case study was be attributed to 'group' classification or unique participant numbers only know by the researcher

### 3.10 CONCLUSION

Having reviewed the other approaches and also based on Yin's (2002) arguments, a multiple case study on J Sainsbury's convenience stores was regarded as an approach that would be able to help the researcher to make an empirical inquiry that investigated performance management phenomenon within its real-life context. Additional consideration was that case study tries to illuminate a decision or set of decisions by reviewing the reasons of the decision and why these decisions were implemented and what the end results were. Significantly the multiply-case studies were adopted based on the logic that the information regarding the performance of the stores that were part of the study was pertinent to the phenomenon under study.

Conversely it is acknowledged that whilst the case study results cannot be scientifically generalized, however, based on Yin's (2003, p10) argument, the goal was to expand and generalize theories (analytical generalization) and not to enumerate frequencies (statistical generalization). Experiment strategy was discounted on the basis that it deliberately divorces a phenomenon from its context so that the focus is only on a few variables within a controlled environment (Yin 2003) and such would not be suitable for this research. The other research strategies were also rejected either because their purpose is for theory testing or because they deal with non-contemporary events.

In conclusion the purpose of this research was to investigate and explain the performance of convenience stores which have been clustered in two (within London and outside London M25), therefore choosing a multiple case study as a research strategy was appropriate based on its attributes.

The findings of the research have consequently been broken down into four chapters mainly because of the different theories surrounding the definition of performance management.

**Chapter 4** will be based the performance management from the corporate point of view mainly what directors think and want is really happening in convenience stores. Additionally, the policies and strategies that govern the convenience format stores.

**Chapter 5** will cover the measurement tools and how suitable they are for convenience stores

**Chapter 6** – will cover the case studies of the six different stores. This is more to do with the implementation of strategies, perception of the stores and what is really happening in stores as compared to the results on the scorecard.

**Chapter 7** – will cover the general perception of performance management which is more to do with recruitment, selection, appraisals, competence and rewards and what is really happening within the convenience sector.

# **CHAPTER 4**

## **RESEARCH FINDINGS – CORPORATE LEVEL**

### **4.1 DATA ANALYSIS APPROACH**

It is worth mentioning that organisations do produce many documents, some of which are in the public domain and others which are not. In most cases the authors of these documents can confirm the authenticity of the contents of the documents. However there is no guarantee that the documents will be free from errors and distortion (Bryman 2004). Particularly, the research findings in this chapter are based on documents which are in the public domain (i.e. the corporate report) and ones which are not; like the scorecard and audit reports. It should be noted that the information in the documents had been produced to express the views of the authors. However, the information in these documents is still pertinent to the research. It is also acknowledged that some of the documents reflect the perception of the authors based on the position they hold in the organisation. However, the information from the case studies and interviews were also used to triangulate the findings. Content analysis was adopted to identify, code, categorise and label the patterns in the raw data collected.

Furthermore, the analysis of the data in this chapter and ones to follow relied on the theoretical proposition and themes. Therefore, the coding of the raw data was done based on Miles et al., 1984 coding format, and as a results of this content analysis revealed the common themes. This analysis eventually evolved into thematic coding (which can be found in appendix 8) and information produced enabled the thematic analysis in chapter 4, 5, 6 and 7.

### **4.2 RESEARCH FINDINGS FROM THE CORPORATE POINT OF VIEW**

Although the literature review flows as a linear framework, the reality is that there is a lot of crisscrossing as portrayed by the findings below. The research approach seems to have taken a broad spectrum; so as to create an understanding of who is being measured, what is being measured and how this is being done. Unless we answer all the three questions performance management would add little value to achieving the organisation's goals. One of the key aspects to remember is that performance management connotes an interlocking set of policies and practices which have as their focus the enhanced achievement of organisation objectives through concentration on individual performance (Storey and Sisson 1993). Therefore the starting point will be to review the annual corporate report and information on intranet as

these reveal the vision, objectives and strategies that JS adopts. The key phenomenon in the research is to have a process in place which will enable effective execution of the strategies in order to enhance the performance of the business. The performance of the stores and JS as a whole are entwined with the performance of individual leaders; therefore the performance management framework that has been adopted in this research is that which integrates processes for defining strategic objectives, measuring performance, analysing performance, making decisions and carrying out performance reviews. The JS corporate report 2009/10 and the transcript for the in-depth interviews with the directors will be the main references of this chapter. This will enable us to establish the overall goals of the company and then relate them to the individual 'store' goals.

#### 4.2.2 CORPORATE OBJECTIVES AND STRATEGIES

According to the annual corporate report JS objective is as follows:

**J S' objective table 4.2.2**

Objective	Strategy
Great food at great prices	To build on and stretch the lead in food. By sharing customers' passion for healthy, safe, fresh and tasty food, Sainsbury's will continue to innovate and provide leadership in delivering prices, sourced with quality products at fair integrity.
Accelerating the growth of complementary non-food ranges and services	To continue to accelerate the development of non-food ranges and services following the principles of quality and value and to provide a broader shopping experience for customers
Reaching more customers through additional channels	To extend the reach of Sainsbury's brand by opening new convenience stores and developing the online operations.
Growing supermarket space	To expand the Company's store estate, actively seeking and developing a pipeline of new stores and extending the largely under-developed store portfolio to provide an even better food offer while also growing space for non-food ranges
Active property management	The ownership of property assets provides operational flexibility and the exploitation of potential development opportunities will maximise value.

Data in the table sourced from the Sainsbury's annual report 2009/10

According to the JS' corporate report 'The company's strategy centres around the five areas mentioned above and these areas are underpinned by JS' strong heritage and brand which consistently sets it apart from major competitors. More so, it is stated that the corporate



strategy of JS has been formulated to establish the overall direction that will enable it to best fulfil its purpose and achieve its strategic goals within the retail business. Furthermore, there are auxiliary strategies within the organisation that provide the means for making sure that the direction and significant changes are understood and managed.

These strategies emerged from the poor business performance in the early to mid-2000s, which eventually lead to organisational development and change taking place over the last five years. Subsequently, it was identified that the 'means' for moving JS forward was developing its resources, distinctive capabilities, core competencies and its competitive advantage. Therefore, JK who is also the CEO began to raise awareness that the corporate strategy could not be implemented effectively and efficiently unless the resources, capabilities and competencies were developed and used within the strategic business units. The outcome of the above was the inception of the yearly and now half yearly management conferences.

Consequently when JS first introduced the management conference a few years ago, there was a lot of talk about having leaders who were able to envision, maintain flexibility, think strategically and work with others within the organisation to initiate changes that would create a viable and sustainable performance for the organisation. Equally, the CEO himself was perceived to be a charismatic leader. His leadership style is said to go beyond traditional, as he seen to be is change-oriented and possesses a compelling vision which he communicates persuasively to others.

Through the bi-annual conference, he mobilises the staff's commitment to realise the vision. It was the first time that line managers and even junior members of staff were encouraged to provide input to the functional strategies. The CEO introduced a 'Tell Justin' suggestion/feedback scheme which is open to all staff working for JS. A lot of ideas have been generated and put forward to the directors ever since. During the last conference, which was held early 2010, there were different presentations done by senior members of management in workshops. These presentations were circled around the corporate strategy for JS, the organisation's purpose and/or vision and a five year strategic plan was also presented to the managers present. Additionally, there were presentations on developing the organisation's human capital, creating and sustaining a strong organisational culture, and also maintaining the organisation's ethics (through good corporate governance).

The store managers and the area team were expected to cascade this information to the staff (often referred to as colleagues). The other way the information was cascaded was through Southern Region 'Ways of working' strategic plan. Consequently, JS strategies are no longer at an abstract level but instead the SRMD has summarised and broken them down into the day-to-day realities of the organisation. His expectation is that all managers should review and draw up their 3-monthly plans based on its contents, so that everyone works towards the same goal. Conversely, the SRMD was asked to comment on the implementation of the corporate strategy at operation level, his response was as follows:

***Do we implement it; that's our job? Do we do it? How we do it will differ in some degree but that is what we are here to do. We are implementers, but how we do it will be down to us.***

This comment did not come as a surprise, because there was such a variance in the way the strategies were interpreted and implemented in some of the stores which were part of the case studies. This will be discussed further in the next chapter.

From the discussions it was also evident that the management team at all levels must deliver consistent, sustainable results in leaner organisations and get things done day-to-day with fewer resources. This means the goals of the company should be communicated clearly and precisely, with all staff being fully engaged. The SRMD was asked to suggest a cause of action which a manager should take in an underperforming store. His response was as follows:

***You have to make sure that you have an engaging leader because what we do not want is a group of managers. I want them to lead the team as well. An engaging leadership is absolutely what you need, as they need to tell people why they are doing it. i.e. how do you engage someone who is working 12-15 hours a week, they have loads going on in their life, and how do you get to that point when you get them to do their job because they really want to and they want to do it well and right first time. You are a small part of their life and unless you engage them you will be up against a fight.***

This calls for the manager having a skill set which enables managers to motivate themselves and the colleagues regardless of what is happening within their micro-environment. Equally, managers were expected to create new plans, engage the colleagues and turn the stores around.

Three out of the four directors interviewed emphasised the fact that the area managers should have the competencies and capabilities to manage the colleagues under them. They all reiterated that it was also important that a leader at this level is capable of ensuring that priorities, accountabilities and expectations for executing the strategies are clear, as well as determining long-term objectives and tactics to achieve them. As stated above, they are expected to have the ability to influence other people's (store managers) behaviour in a positive way.

In addition to being competent and having the capabilities to run the store, store managers are expected to exhibit a particular behaviour. Subsequently, all management roles have been redefined twice in the last 24 months with the hope of bringing more clarity to the roles and also there has been a lot more emphasis on incorporating appropriate leadership behaviours in day-to-day tasks. It was acknowledged that this will not happen instantaneously but ignoring the problem would not change a thing either. Therefore the leaders of the store were expected to make decisions as to what can be done and what can't be done. Additionally, the directors related the competency approach which is adopted by JS to have proved itself to be a useful way of identifying behaviours and that it has also helped them to distinguish high performers from average performers in a variety of roles. The Area Manager did in fact indicate in a discussion with one of the store managers that even without the name of the author being printed on the 3-monthly plan he would have still been able to tell who prepared it because of the style in which the document was presented.

It was emphasized by two directors that the leadership style also differs from one director to the other and therefore cannot be ignored. It was in fact disclosed by the HOO that a leader cannot adopt a leadership style which they do not naturally possess it is part of their DNA. What was picked from the discussion was that leaders should possess certain traits that will make them successful at what they do. When the FCD was asked to comment on the poor performance of JS more than 6 years ago and the transition of leadership his comments were as follows:

***Prior to the appointment of JK (current CEO), the past directors had little or no retail knowledge. The CEO had a financial services background, the finance director had no retail background, and the retail director had a financial services background too. Therefore they fostered a spirit which focused on achieving numbers. The current CEO***

***has 20 years of retail experience, the retail director has 30 years of experience and also the finance director has considerable retail experience too***

The FCD is not the only one who thought JS's performance has tremendously improved due to a change in senior management; the SRMD, also stated that the quality of the current directors has fostered a lot of changes which have led to an enhancement of the organisation's performance. It is hoped in JS that, as leadership actions improve, there will be evidence of trust in managers and also that they will be allowed to make their own decisions especially during performance review meetings. Generally, there was evidence that in some aspects that the managers have been given autonomy. This was evident especially in area meetings, which were deemed to be more meaningful, due to an increase in sharing and open communication.

In addition the leadership style was another area of discussion in relation to performance management. It was noted that by virtue of the HRD and FCD roles, those two directors are always seen to adopt a dominant style even if the incumbent directors would have applied more of a consultative style if they held another position. When asked to comment about the leadership styles adopted within JS the AHRM stated that;

***'Managers manage processes, but leaders lead from the front and inspire colleagues to follow them.'***

Based on the above discussion one would assume that JS's turnaround in performance has created a metaphor whereby the organisation is delivering performance consistently year on year. This maybe the case for some KPIs and at a corporate level, however, when performance is reviewed and broken down to the strategic business unit (SBU) level, more performance variance can be noted. The SRMD was asked whether the implementation of the strategies was as effective at the operational level as it seems at the corporate level. His response was:

***We try to implement the strategy but the angles will differ; how we deliver is left up to us. The southern convenience strategies, 'Our ways of working', clearly states what the priorities are; sales, mystery availability checks (MAC) and mystery customer measure***

*(MCM), and each store manager should have a plan which leads them into achieving the expected results.*

Particularly as already articulated above, the SRMD has produced a southern strategy plan which has been cascaded to all store managers. The expectation of the director is that every store manager should be able to draw up a 3-monthly plan based on the contents of the southern region strategic plan. However this may not always be the case as in some stores there seemed to be a breakdown in communication between the store managers and the colleagues. The senior team expectations were that the vision and values to be cascaded without fail; however, on the other side, the store managers were finding it difficult to take time out and do proper huddles with their staff due to time constraints

#### **4.2.3 CORPORATE VALUES**

Apart from looking at the corporate objectives the strategies adopted to achieve them, we also looked at the values as they govern the day to day business transaction and the following is an extract from the corporate report: 'JS as one of the leading supermarket focuses on:

- Being best for food and health by selling products such as 'free-from' and 'be good to yourself'.
- Sourcing with integrity; sells more fair-trade brand than any other retailer and is central to the company's ability to deliver great products at fair prices.
- Respect for the environment;
- Making a positive difference in the community by fund raising for Sports relief and making donation to the active kid participants
- Making Sainsbury's a great place to work' (will be covered in chapter 7)

All the directors interviewed stated the need for the leadership team to have a commercial awareness and for them to aim to offer great services to the customers, rather than just aim to achieve the targets set before them. JS has invested a lot of money to ensure that leaders have the skills required to deliver consistent results and get things done day to day in a dynamic work environment. This is done through series of management development activities such as mind gym, leadership academy and management development plans, and 'Hot' house (on the intranet) etc.

For the purpose of this research we will focus more on the first and last values as there are easily measurable within convenience stores.

The CR states that the 'best and health food' corporate value is about making healthy, high-quality and tasty food easily available in our stores. The company recognises that customers consistently seek value for money which is why they focus on making healthy food affordable and inspiring customers to cook. This particular value does have an impact on the sales figure because it affects the product range that is allocated to the store. The convenience stores are clustered into categories; 'Food to Go' for high street stores, 'Fresh locals' for part residential and 'challenged neighbourhood' stores in a low class areas etc. The affluence of the area will also determine what types of products that are sold in a local store. The classification of stores is done by head office and sometimes they do get it wrong, when that is the case the store may struggle to achieve the sales target. This has been a concern for some store managers therefore we asked the FCD for his comments; and they were as follows:

*'every store manager wants his own range and every category manager wants his own range. And everyone who is trying to control shrink would like to have their own range because they would take out expensive razor blades from the shop floor. To discuss the issue of how many stores have the wrong range, you can argue that every store has the wrong range. By doing the averaging you get a better economy of scale being it on your distribution, your range, your planning and your policy'.*

In view of the above argument, even if the store manager identifies that some of the products ranged are wrong, sometimes there is little that can be done, therefore the store just need to do the best they can to deliver the sales results.

#### **4.2.4 FINACIAL OBJECTIVES**

In addition to the objectives and values the discussion progressed on to targets/budgets as some of the store managers spoken to, considered the budgets unrealistic. The FCD was asked to explain the financial system that was adopted within JS in regard to drawing up and allocating budgets. It transpired that the board of directors through a collaborative process drew up the budget. The figures were then passed on to the Convenience Director who cascaded them to the two regional directors. What would then happen next would be for the two regional directors to hold a discussion in which they would split the figures between the

two regions in proportion to the business requirements of their regions. The same process is then adopted by the area managers, unfortunately the store managers don't get a say as to what is allocated to them.

The financial model for drawing up a budget adopted by JS is therefore a top-down model and as JK is the CEO and also owns shares in the company, an enquiry was made concerning his corporate governance. The SRMD remarked as follows:

***JK will not agree to targets and goals which he cannot deliver as he needs to engage his team; therefore he can only deliver that which his team can deliver for him and he has managed to do that by inspiring the team. JK's success attributes to the fact that he has engaged the team and had a much better plan to improve JS performance. He had new ideas and led the team into the right direction.***

The question which was still unanswered was if the budgets have been agreed by the leadership team and are achievable; why are some stores failing to meet their targets?

During the course of the financial year the store managers in stores that were not achieving their budgets were requested to submit action plans of how they intended to improve the performance of the store and if there is no improvement in the following few months then the performance review would reflect that they are underperforming and therefore disciplinary action would be taken against them. Two of the directors interviewed stated that they were interested in the performance trend of the store rather than a one off figure. However, there were still concerns about distinguishing poor performance which is as a result of the store management and one which is as a result of store characteristics. From the corporate point of view the FCD explained the process that the finance department need to go through just by looking at the financial figures:

***The financial reports give us a flavour of where there are issues but actually unless you go and visit the store it is difficult to say because they may be other issues affecting the store. You might take two stores which look good in every way and you might conclude that it is the store managers but I think our job is to say, these are the stores that might have problems because they don't have the right sales. These are the current problem in the stores; they do have the margin and these have a very high wastage figure. I think all these could be due to Weekly Zero Options or there could be a supply chain issues.***

Additionally he went on to explain that where there is an issue of a high colleague turnover it could be an issue with the store manager but it is still difficult to say. He also admitted that they will never get to a place where they would say to the SRMD that there is a store where the store manager is an issue because this KPI is bad. What is mostly likely to be said by finance department is that the store has an issue mostly likely it would be a range issue, it feels like waste problem, it also feels like there are have some form of issues around store management because of the bad MCM score'. They would also bring up justification such as making comparison with the previous manager's successful performance who achieved high MCM scores. The FCD emphasized the following point:

***You would never position yourself to say that the store has a problem due to its store manager, because I think if you do that you will be over stepping the boundary. You are beginning to use the data for a purpose which it is not meant for.***

The discussions with store managers revealed that this acknowledgement by the FCD needs to be applied whenever performance reviews are being conducted especially at area management level.

Subsequently, all four directors interviewed emphasised the importance of the role of store managers changing from merely managing results to that of effective leaders. Additionally the SRMD was asked about the strategy which was in place in order to achieve consistent and sustainable performance. His response was that:

***You have got first of all to put the right (capable) person in the right place and again if you go back to how do you make a store successful, you have got to put the right team there first and a manager that can lead and engage the team. What I do is to rank the stores according to how difficult they are to manage and then I ask the area managers to rank their store managers from best to worst. Effectively what you should see is a best store manager managing the toughest store but often what you often see is different you may see one of your weakest store managers managing the toughest store and we wonder why it fails because we have not matched the qualities of the person and the abilities of the person to the store. We often need to shuffle them around to try and get to as close (matching abilities of the store manager to the store) as we can get.***

Having said the above, the reality, based on recent observations done during the assessments for store managers, duty managers and team leaders, is that on every single occasion less than



40% of the candidates were selected. This could possibly mean the bar has been raised so that the stores have the right people in the right roles or it could mean the assessment tools still need to be refined. Additionally, the recruitment and assessment tools used have been criticised by some store managers because they are not tailored to fit the convenience retail sector. Having said that, in the past JS had a one-size-fits-all assessment tool for the various business sectors within the organisation; however, these have now been reviewed to suit each strategic business unit, i.e. large supermarkets and convenience stores have now got their own bespoke assessment tools (which still need to be redefined further).

#### **4.3 IMPLEMENTATION OF CORPORATE STRATEGIES**

Prior to discussing the implementation of corporate strategies within JS, we will do a quick recap of the different suppositions of performance management within the organisation. Performance management is about formulating policies, strategies and implementing them through the workforce. From the discussion above we can identify the objectives of JS as a company and the directors expectation to turn the objectives into financial results. JS was on the verge collapse when JK was appointed CEO. His vision was to turn the performance of the company around with the support of all the staff and this has continued over the last five years. Particularly in the past (more than five years ago), the role of the CEO in the implementation of strategies was seen as that of a commander and architect; It was all about achieving the numbers, however, when JK took over he has fostered a spirit of coaching and there was evidence through his conferences and weekly news letters that he aims to get the best out of staff through coaching. The language and culture is slowly changing from stipulating to coaching. JK and his board of directors have realised the importance of this type of communication, hence the managers' conferences and listening groups are now being held more frequently than before and during these forums ideas and problems are discussed openly.

Generally, middle management and colleagues do feel that some of their concerns have been taking on board and developed, except for two contentious cost reduction strategies which are always brought up at most meetings. Although, there is a lot of mumbling and grumbling about these two controversial strategies 'On My Watch' (OMW) cleaning and cost reductions through labour cuts. There has not been any mention of a coalition to stand and oppose the strategy, neither has there been anyone deliberately taking ineffective action to try and stop the implementation. What has actually been seen is passive intervention, i.e. the low priority

given to OMW cleaning in some stores which has led to unpleasant meetings or encounters with senior members of management.

Furthermore, the implementation of strategies has moved on, as in the past performance management was highly individualistic with each store manager, area manager and regional manager focusing only on what was within their remit. Performance for each store or area was judged on the individual's performance based on the scorecard. However, what the new strategies require is that the results achieved for sales and product availability are more cluster (team) based than individual based. Therefore, the new strategic plan now calls for more teamwork and coordination than is the norm. However, there is still an element of individualism as some of the store results are still measured on the individual store performance rather than the area performance.

As part of the organisational change, store managers are now encouraged to review their daily work from the customers' point of view. This means customer measures are more important than internal measures; however, there is still need to be a cultural change so that the focus is not on managing results but managing performance and also the reports generated should be actioned for results and not just kept or thrown in the bin. Generally, the organisation's cultural change does not seem to be moving at the pace required to accommodate the strategic changes. Only 40% of the stores sampled showed an understanding of how to action the report to achieve better results; the rest filed them for the sake of compliance.

# CHAPTER 5

## PERFORMANCE MEASURES

In the previous chapters we looked at the vision, values and objectives of JS, which are then turned into defined strategic goals. Just like any other company JS needs a way to measure progress toward these goals. Faced with the pressures of the economic downturn and the challenge of properly preparing for the upturn, executives from companies of all sizes and sectors are now, more than ever before, focused on their organisation's strategic priorities (JS included). Like many organisations, JS has come to rely on the key performance indicators (KPIs) found in on the scorecard to measure and monitor progress made in attaining the corporate goals. Therefore in this section the KPIs or key success indicators, will be reviewed.

Key performance indicators are the measurements JS uses measure its performance and the results are highlighted on the scorecard. The JS KPIs are quantifiable measurements, agreed to beforehand, and they reflect the critical success factors of the organisation. The ones that have been selected do reflect the organisation's goals, they are also key to the success of the business and most of them are quantifiable. JS has a 5-year business plan which includes the main KPIs. The definition of what they are and how they are measured has not changed much in the last couple of years. There were some changes made in view of the recession in 2008/09 and also the measures for MCM and MAC have been fine-tuned to reflect the emphasis on giving the customer a great shopping experience.

In JS there are many things that are measurable but they are not included in the KPIs because they are not considered as being 'key' to the organisation's success. Following the discussion with the HOO and the FCD it was identified that when selecting KPIs, only the factors that are essential to the organisation reaching its goals are picked. JS has eleven KPIs on its scorecard, which support the overall company goals and can be 'rolled up' into four main ones. It is also interesting to note that for bonus purposes only the main four KPIs are considered but for performance review purposes twelve KPIs are considered. It is important to note that the additional seven are auxiliary to the four main KPIs. The eleven KPIs have been reviewed below on an overall basis and in the next chapter they reviewed as part of the case studies for the six stores.

The KPI results are available periodically at the regional level, at store level the periodic results are now being posted in the staff canteens or on corridor walls. At a corporate level, they are on the walls of every conference room and on the company intranet, some are even on the company website. Within stores the target for each KPI and the progress toward that target is indicated on daily/weekly/periodic/annual basis. The company's expectation is that the KPIs are discussed with staff during huddles and used as an opportunity to motivate them if the store reaches those KPI targets. Conversely, the information on the wall scorecard is supposed to be used to discuss solutions when the targets are not being met.

KPIs give everyone in the organisation a clear picture of what is important, of what they need to make happen. Additionally, JS uses them to manage performance and also to make sure that everything people do is focused on meeting or exceeding those KPIs. As indicated the KPIs are bonus linked which means that not only are they used as a performance management tool, but also as a carrot. This may have been misrepresented in some circles as there is more focus on the KPIs being the carrot and less focus in regard to achieving the organisational goals. The SMRD remarked as follows:

*I think bonuses are an incentive. Look at MAC and how you can inspire people to achieve MAC and look at the kick on we had when we went into quarterly banking of MAC. But you have to remember bonuses drives a behaviour, what we are doing here by bonusing Mac, we are trying to drive a behaviour. We are not talking about how we deliver the number but how we deliver the best service. In fact most people are doing it to deliver MAC as a number and not as providing best service to our customers and very few will say to you we have delivered Mac because we are trying to deliver great service to our customers.*

## **5.1 RELATING THE OBJECTIVES/VALUES TO THE KPIs**

Significantly, one of JS's goals is "to be the most profitable company in our industry"; the KPI that measures this goal at the SBU level is the 'store accountable profit' (SAP). Another goal of JS is to make the organisation a great place to work and as discussed earlier a lot can be achieved through colleagues, the KPIs relating to this is training, labour, and talkback. The two goals 'great food at great prices' and accelerating the growth of complementary non-food ranges and services' are measured through MCM, MAC, sales and LTT. Additional goals which will encompass all the KPIs are to 'grow supermarket space' and 'reaching more customers through additional channels'.

JS has embarked on an expansion programme, particularly as part of its growth strategy. It was observed that a lot could go wrong especially with the projection of a trade budget for a new store therefore a judgment call needs to be made when performance managing managers and colleagues running these stores. There are issues relating to the performance of new stores that were highlighted and one which was noted related to the store location. Although, the issues will have an impact on the store performance, it is now emphasised that how the store manager engages his colleagues is equally important. Three of the four directors acknowledged the impact the location has on some of the stores and stated that it is a risk that has to be taken. It was also acknowledged that JS has now put measures in place to make the organisation be more proactive than reactive. When asked to comment the HOO made these remarks based on his observations:

***Following last year's experiences, it has now become evident that it is imperative that the area managers put the right persons in the right stores. To date there seem to be a few stores with a mismatch between the store manager's competence and their capability to run a particular store.***

A brief analysis of KPIs will highlight important trends that can significantly impact strategic performance improvement initiatives. Below is a general overview of the KPIs and later on a detailed review will be done on the six stores which were part of the case studies.

### **5.1.2 A GREAT PLACE TO WORK – TALKBACK SURVEY**

As already indicated in the earlier chapter one of the objective of CEO is make to JS a 'great place to work'. This builds on management's commitment to help improve the quality of life for the colleagues. The following is an extract from the 2009/10 corporate report for JS:

***Being 'A great place to work' is rooted in Sainsbury's heritage and values. It also plays a crucial role in achieving our business goals. We rely on our colleagues to deliver great service to our customers every single day. We are committed to championing equality, diversity, inclusion and flexible working options for our colleagues. We remain committed to recruiting, retaining and engaging the best people, from backgrounds that reflect the communities we serve. We believe that every colleague, no matter where they work or the role they perform, should be encouraged to develop and make best use of their skills. We value the opinions of our colleagues and we communicate honestly with***

***them. We also believe in recognising and rewarding our colleagues for the vital part they play in making Sainsbury's a great place to work. All these things are important, whatever the economic climate; in an economic downturn they're more vital than ever.***

The KPI that is used to measure the above is the talkback survey which is done in every store once per year. Additionally, the HRD stated that:

***You can tell a store that has a good manager just by looking at the store talkback results and also when one visits the store, there is always a sense of joy and pride which is prevalent.***

JS is now putting a lot of emphasis on talkback results. In fact, the directors interviewed were focused on achieving results by making JS a 'great place to work'. There has been a big shift in the way colleagues are being treated and the JS values now include 'respect for colleagues' and one of the leadership behaviours which every manager is expected to exercise is 'commitment is earned'. Having said this, there is generally a consistent finding which shows a positive relationship between consideration and subordinate satisfaction (but not performance).

The executive's commitment to making JS a 'great place to work' is also done through colleague council meetings where feedback is given to management by the colleagues on staff related matters. During one of the regional meeting, the colleague council representative was asked the reason behind the high talkback score for RLL. In his response he stated that the good result can be attributed to the store manager's actions, such as developing and sharing a vision for the organisation, modelling the vision, encouraging innovativeness, supporting employees' efforts and allowing employees to have input into decisions concerning their jobs. He also stated that good talkback results were also associated with higher employee commitment and job satisfaction, and lower role ambiguity. Further evidence can be found in low employee turnover in that store. During another staff council meeting there was an indication that the improvement in the store performance was due to an increase in staff participation in huddles, frequent cascading of information from head office and more staff involvement in convenience strategy implementation.

The HRD is keen to see a continuous improvement in back results hence her remarks which are as follows:

***From the colleague point of view it's a matter of saying what they are meant to be doing and equipping them for the role. Then it is very much about leading them and getting them to do it. My vision of that unit is that colleagues have a pride in that unit because they see it as their own and they want to achieve the results and should enjoy coming to work, so it comes down to things like manager leading by example and not like those that do not demonstrate what needs to be done. Again if you think about the huddles, somehow some stand behind a scorecard and tell them what was achieved yesterday. Colleagues do not want that, all they want is for you to say is, yesterday we really had a bad day because we were late in putting out our reduction, today we want to focus on sales, get that extra pound. Go out and have fun.***

She went on to say that ***'If you have a very poor talkback result, quite often it is about the manager and the shadow they cast over the store'***.

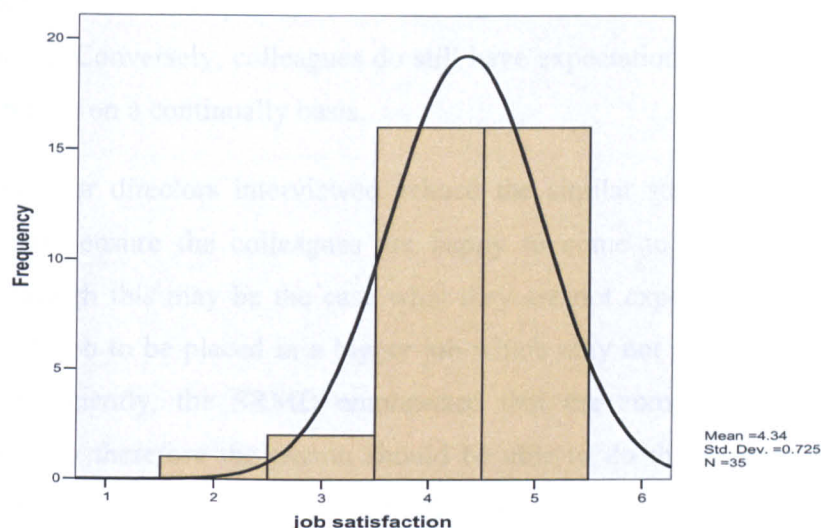
There has also been an increased emphasis on maintaining colleague morale and high levels of productivity in this forever changing business environment. Consequently, whenever senior management are visiting the stores there are now looking at the staff morale too. During the interview the HOO said these words:

***When you walk in the store you can feel whether the staff in that store are happy just by the way they speak to you. If they are happy they will talk to you but if they are not they will be more task focused and will totally ignore your presence.***

In order to evaluate the directors' remark, we compared the results of the random survey that was done through questionnaires which were sent out to colleagues in different stores (not necessarily included in the case study). We also had to take into account that when discussing the results of the scorecard with the colleagues the aim was to instill an atmosphere for continuous learning. The analysis is as follows:

What is really happening in store in regard to this discussion will be reviewed further under the case studies section.

Job satisfaction normality graph 5.1.2



A survey was conducted which included questions relating to job satisfaction. The above graph shows that the majority of the colleagues are satisfied in their roles. A further analysis (discussed below) was done in relations to other activities.

Table 5.1.2. ‘Great place to work’ Correlations

Correlations			job satisfaction	part of a team	learning and development	learn continually
Spearman's rho	job satisfaction	Correlation Coefficient	1.000	-.082	.022	-.053
		Sig. (2-tailed)	.	.648	.900	.762
		N	35	33	35	35
	part of a team	Correlation Coefficient	-.082	1.000	.234	.174
		Sig. (2-tailed)	.648	.	.190	.334
		N	33	33	33	33
	learning and development	Correlation Coefficient	.022	.234	1.000	.538**
		Sig. (2-tailed)	.900	.190	.	.001
		N	35	33	35	35
	learn continually	Correlation Coefficient	-.053	.174	.538**	1.000
		Sig. (2-tailed)	.762	.334	.001	.
		N	35	33	35	35

\*\* Correlation is significant at the 0.01 level (2-tailed).

Spearman correlation shows that there is a negative correlation between job satisfaction and being part of a team. The results also show that learning continually does not create job satisfaction too. Equally, the Pearson correlation results (appendix no 6 on page 232) shows that job satisfaction has a negative correlation with; being part of a team, learning & development and learning continually. The results of the above do tie up with some of the comments colleagues made during the case studies (which will be discussed in the next chapter). There are stores where colleagues still perform specific set of roles which are not



seen by others as contributing to the team and also the low priority given to training in some stores reduces the perception of the significance of learning and development within those stores. Conversely, colleagues do still have expectation to be given opportunity to learn and develop on a continually basis.

The four directors interviewed echoed the similar sentiment that the leader of the store, should ensure the colleagues are happy to come to work, through continuous learning. Although this may be the case what they are not expecting to see is someone who does a small job to be placed in a bigger job which may not always fit their performance stamina. Consequently, the SRMD emphasized that the company should recruit for quality not quantity therefore the person should be able to do the job. Unfortunately, like most food retailers in the convenience industry, JS have fewer resources to devote to selection, succession and leadership development initiatives that would help ensure that their managers are set up for success and able to handle the challenges effectively.

**5.1.3 PRODUCT AVAILABILITY AS A KPI**

The other objectives and the strategies that are relevant already mentioned earlier on are shown below.

**Objectives relating to MAC**

**Table 5.1.3**

Objective	Strategy
Great food at great prices	To build on and stretch the lead in food. By sharing customers’ passion for healthy, safe, fresh and tasty food, Sainsbury’s will continue to innovate and provide leadership in delivering quality products at fair prices, sourced with integrity.
Accelerating the growth of complementary non-food ranges and services	To continue to accelerate the development of non-food ranges and services following the principles of quality and value and to provide a broader shopping experience for customers

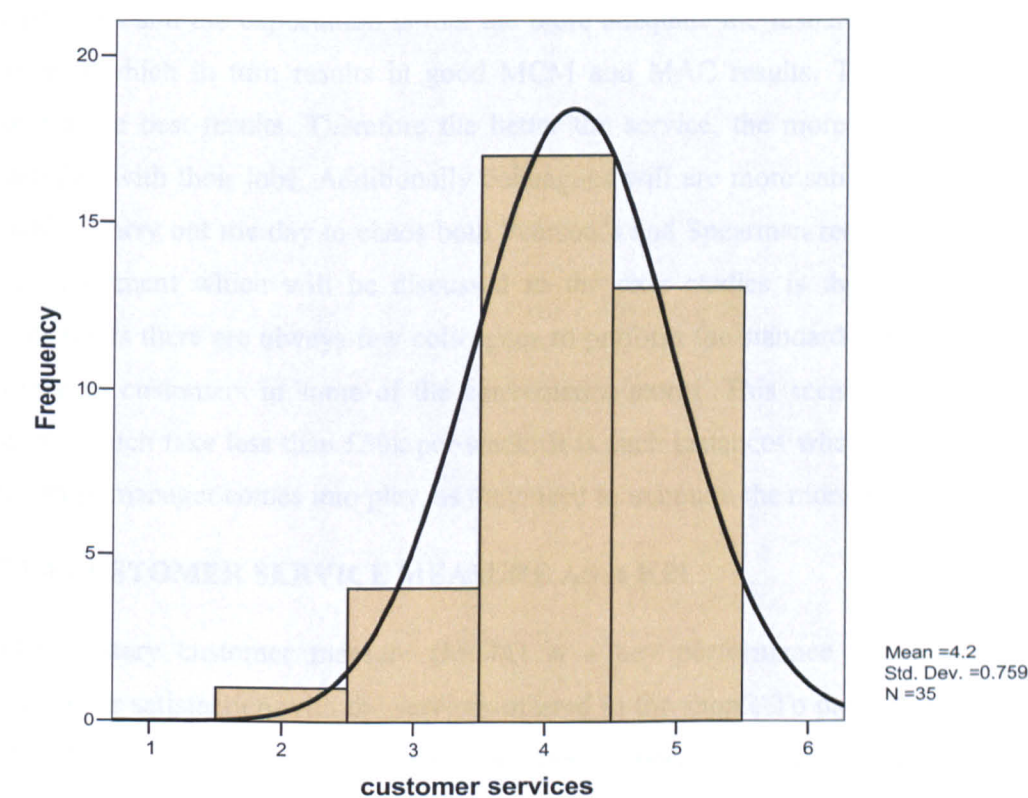
Extract from the 2009/2010 annual corporate report.

The mystery availability check (MAC) is a key performance indicator (KPI) which measures this strategy. This availability check reveals to the store whether they always have key

products on the shelves readily available for customers to buy as when they require the product. Therefore, to attain this KPI, processes such as also quality checks (code checking/wastage management) and stock management routine should be carried out in a robust way. Having great processes in place requires the store to have adequate colleagues to carry them out. Therefore the labour budget is expected to factor the cost of performing such processes. Both quality checks and daily stock management routines are done in a specified time frame agreed by the company centrally therefore the store managers have to make sure that there have adequate colleagues during these time frames.

In addition the store should have enough colleagues to serve customers as they come into the store to do their shopping so that they can have a great shopping experience. Within JS it is presumed that the colleagues will get job satisfaction from providing great service to customers being it at the till or on the shop floor. Some of the questions on the survey questionnaires were tailored to establish the link between customer services, adequate staff and job satisfaction and the results are show below.

**Customer Services normality Graph 5.1.3**



The results show that most colleagues do generally enjoy providing good services to their customers. However, there was also an indication of some who seemed less concerned about the quality of service offered. Further analysis was conducted to correlate the aspects that affect customer services.

**TABLE 5.1.3b MCM/MAC – (Customer Services) Correlations**

Correlations			customer services	job satisfaction	adequate resources
Spearman's rho	customer services	Correlation Coefficient	1.000	.336*	.423*
		Sig. (2-tailed)	.	.049	.013
		N	35	35	34
	job satisfaction	Correlation Coefficient	.336*	1.000	.369*
		Sig. (2-tailed)	.049	.	.032
		N	35	35	34
	adequate resources	Correlation Coefficient	.423*	.369*	1.000
		Sig. (2-tailed)	.013	.032	.
		N	34	34	34

\*. Correlation is significant at the 0.05 level (2-tailed).

The results above using different correlation analysis Spearman’s and Pearson’s Kendall’s (appendix 7 p234) do reflect what was seen in stores, most colleagues do enjoy serving customers and the expectation is that the more adequate the resources the better the service offered which in turn results in good MCM and MAC results. The Pearson’s correlation shows the best results. Therefore the better the service, the more the colleagues will feel satisfied with their jobs. Additionally colleagues will are more satisfied if there is adequate staff to carry out the day to chaos both Pearson’s and Spearman results reflect in the tables. The argument which will be discussed in the case studies is that due to labour budget constraints there are always few colleagues to perform the standard store routines as well as attend to customers in some of the convenience stores. This scenery was quite evident in stores which take less than £50k per week. It is such instances where the leadership style of the store manager comes into play, as they need to maintain the morale within the store.

**5.1.4 CUSTOMER SERVICE MEASURE AS A KPI**

The mystery customer measure (MCM) is a key performance indicator that measures “customer satisfaction with the services offered in the shop”. To pass the audit the members of staff that attended to the mystery customer shopper should have offered her/him a great shopping experience by being friendly and personalising the service. In addition they should

not have kept them waiting longer than 60 seconds. The core strategy for JS is to make the customer's interest at the centre of the business and this is achieved by reviewing the organisation's performance through the eyes of its customers, so that the organisation retains a careful focus on customer needs and satisfaction. To achieve the best in business performance, JS has incorporated customer needs/wants and does respond to them as part of their performance planning. It is worth noting the strategic focus which is presumed to be the backbone of successful JS business performance is getting colleague commitment . JK (in the CPR 2009/2010) stated that:

***The commitment of our colleagues and our focus on customers has been key to the delivery of another strong set of results despite this challenging economic backdrop.***

This is made evident by the fact that JS was voted the supermarket of the year; below is an extract from the corporate report.

#### ***Our values (JS)***

***2009/10 was an award-winning year with JS' voted the 'Supermarket of the Year' by the Retail Industry Awards. We received recognition for our commitment to excellent customer service and the outstanding quality of our offer.***

To continue to maintain this status, senior management have raised the bar for 'mystery customer services' measures and the challenge to offer good service has been added into the MCM score. This is not something new every single year the customer service bar is raised in order to meet customers' needs and outdo the competitors so as to retain the customers. The company's expectations are that the customer should not be made to wait more than 60 seconds in the queue and that they should also have a great shopping experience whilst they are in the stores. This implies that colleagues must make customers to feel that they are appreciated and also that help will be provided to them as and when they need it.

#### **5.1.5 LABOUR COSTS**

As indicated above by the survey results, there is a correlation between job satisfaction and adequate staff, as well as customer services and having enough people to attend to the customers. Having said that it is widely accepted in all organisations that staff are the most valuable asset; but they come at a huge cost and, as most financial personnel would acknowledge, labour is the largest cost on every P&L report. Similarly the HRD stated that:

*With any business you have to work out how much money you can spend and if have you overspent now and you are not making a profit you might as well close the business. I think it is about whether we can spend more money as an organisation? Each time we do that it comes from the bottom line and sometimes it means; in convenience I guess we close sites a lot more frequently than people think possibly and last year we probably closed about 30 sites because we could not make money, because obviously you are not going to keep something you are losing money on. In order to spend the money that what we have we need to have a balanced approach let say I will spend less money on waste so that I can to invest more in labour costs. There are stores out there that do it and there others that do not.*

Clearly from the comments above it was identified that being cost efficient was the way forward. As the country continues to face financial difficulties, the impact on consumer expenditure has increased; though sales growth has been attained it is not at the same pace as the growth in overheads. This has made the organisation tighten its belt on costs, which includes the labour budget. The challenge is now for the stores to adjust their way of working so as to have a labour management system in place that accommodates the changes.

Additional, the operational capability required is of the store manager being able to attain their labour budget and still maintain a good level of customer service. There are several ways of doing this and one is by increasing productivity of the colleagues. One way the company achieves this is by applying productivity factor (PF) into the 'labour budget calculation model'. A few years ago stores were expected to achieve a PF of between 120-130% which meant colleagues were expected to work 20-30% more efficiently. Tied to this expectation was that all colleagues should be competent enough to perform the duties/tasks that they have been asked to perform. This leads us to the next KPI, which is training.

#### **5.1.6 TRAINING**

Every four weeks data is collected from all stores pertaining to the training which is mandatory. Any lapse in training being carried out will cause the store to have a low rating for this KPI at the end of period/year. The training that is compulsory is that which is a legal requirement or that which will make the colleagues' work in a safe environment and also make them work more efficiently. The HRD confirmed that there is a pre-appointment budget which has been set aside to facilitate management training but it is not fully used.

The argument was that as much as store teams are complaining about the tight labour budget they need to spend what they have at the moment before asking for some more. On the contrary, stores that have no store management in training will not benefit from the pre-appointment budget. The general contention in stores is that it is the junior members of staff that stores need to up-skill and that is where the biggest opportunities lay for JS.

#### **5.1.7 LICENCE TO TRADE (LTT)**

One of the KPIs which on the surface looks irrelevant to the objectives of the company but is linked to all other KPIs is Licence to Trade (LTT). This KPI is concerned with the store's compliance to the legal and safety rules. This includes the pricing and ticketing. To offer 'great food at great prices' a colleague has to be fully trained and being able to implement price changes. As any failure to change prices on time can have a severe legal consequence. Additionally, any breach of the other rules will also be weighed according to the severity of the outcome. Furthermore, if non-compliance creates a critical safety or legal risk than the store is rated as red and if they comply with all they need to then they are rated as a green store. Any other omissions which can easily be rectified but were outstanding at the time of the audit would lead to an 'amber' scoring on the scorecard. The HRD highlighted some of the common failures:

*If you look at LTT most of our failing is normally because we have not trained the colleagues properly on fire safety, safe working practices, machinery. So often we let them down as opposed to them having let us down. My belief is the simpler you keep things the more people are engaged because they know what they have to do.*

(Training from the corporate point of view has been briefly discussed and there be more discussion under individual case studies.)

Furthermore, failing to achieve a green rating during the audit can lead to serious consequences; a manager can be rated as an under-performer or may even lose their job depending on the severity of the findings. It may even be a one off lapse like failing to remove chains or blocking a fire exit on the day of the audit. The HRD was asked to comment on the logic of such stern actions on a one off omission. She stated that the reviewer should make a judgement call. They should not be afraid to make a decision, however the processes in JS are driven by paperwork evidence and the decisions are therefore based on paper audit trails.

### **5.1.8 STORE CONTROLLED COSTS (SCC)**

This is another KPI which on the face of it seem to have no direct bearing to the objectives of the company however for the store to run efficiently and offer the level of customers service required money has to be spent on stationery (including carrier bags) and other shop floor necessities. In the past store controlled costs (SCC) were not reviewed exclusive of the SAP. As it has become more important to manage costs, SCC is now being reviewed in detail every period.

### **5.2 CAUSE-AND-EFFECT LOGIC**

Going by the list, there are too many KPIs that are used to measure the managers' performance, some of which are duplicated in others. This has created a number of issues, as disciplinary action taken against poor performance has only four stages after which means one can be dismissed or demoted just by performing badly in less than 50% of the KPIs. This does create a lot of apprehensiveness among managers with some giving up or even abandoning their roles even if they are performing well in some of the KPIs. It is therefore imperative to keep the number of KPIs small just to keep everyone's attention focused on achieving the KPIs which will really sustain the business

However, JS like any other company does have strategy maps of some kind which outlines what it wants to accomplish (financial and customer objectives) and how it plans to accomplish it (internal processes, and learning and growth objectives). Furthermore senior management have tried to establish a cause-and-effect logic, in order to allow the company to create a truly integrated set of strategic objectives. The purpose of this stance is to gain maximum benefits from performance management initiatives, which requires them to ensure that they align and integrate processes, such as financial planning and budgeting, people management and rewards and performance reporting into their system.

Within JS there is no formal strategy map which highlights that delivering the right performance in one perspective (e.g. financial success) can only be achieved by delivering the objectives in the other perspectives (e.g. delivering what customers want). However, there are basic assumptions made:

- The objectives in the internal process perspective (e.g. delivering high quality business processes such as the ‘focus on availability’ stock management process) underpin the objectives in the product availability perspective (e.g. just in time for customers to buy and passing the availability audit).
- Delivering the product availability objectives should then lead to the achievement of the financial objectives in the financial perspective (increase in sales and reduction of losses through wastage).

### **5.2.2 AVAILABILITY/SALES CAUSE-AND-EFFECT (red/green scorecard result)**

	QPL	EBL	RLL	HHL	MWL	FCL
<b>Sales</b>	green	Red	Red	Green	Green	Green
<b>Sales budget</b>	1.19%	-3.65%	-3.79%	4.26%	4%	2.54%
<b>MAC</b>	97	95	96	96	97	96
<b>Mac target</b>	96.5	96.5	96.5	96.5	96.5	96.5

Based

on JS

2009/2010 scorecard results

The exception to the above rule was HHL which though it did not achieve ‘product availability audit’ target or the customer service measurement target the store achieved the highest percentage in sales.

### **5.2.3 MCM/TALKBACK RESULTS**

Another example of cause-and-effect logic is as follows:

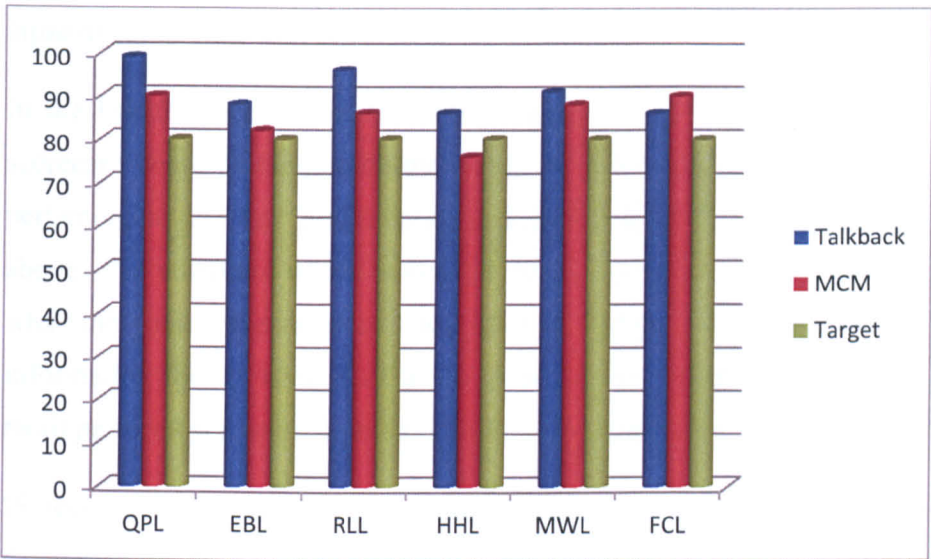
- Delivering the training objectives should then lead to the achievement of the customer service objectives (increase in sales and reduction of losses through wastage), which should then lead to the achievement of the financial objectives in the financial perspective.



There is also an assumed cause-and-effect logic between training and staff morale which is measured by talkback results. In addition there is a cause-and effect logic presumed between customer services and talkback results. Happy colleagues will always give great service.

**MCM/talkback results for all 6 stores**

**Graph5.2.2**



*Based on JS 2009/2010 scorecard results*

Having discussed the cause-and-effect logic, it is also important to ensure that measures and targets should be chosen so that they all reflect contributions to success; in other words, they should indicate progress in the same direction. Employing several competing or contradictory indicators and changing them often will be stressed as an obvious problem which is all too often encountered. This is quite evident in JS; for instance, the cuts in the labour budget have had a significant impact on the number of colleagues who will attend to customers (MCM) and also who will replenish the stock (MAC).

Finally, the general view is such that the way the KPIs are measured should enable the store managers to spend more time on the shop floor ‘managing by walking around’ (MBWA) rather than sitting in the office. Additionally managers should be provided with performance measurement data, which is useful to decision-making and monitoring; however, the varied information sources in store do not help much. The measurement that is generally used in JS

is the scorecard. Therefore will take a closer look as to what bearing it has on performance management.

### **5.3. BALANCED SCORECARD RESULTS**

A scorecard is said to provide the links between strategy, business plan and employees' activities. Within JS the scorecard is used to communicate the financial and non-financial results and some of the results on the scorecard can help managers to infer that there is a lapse in complying with some of the basic procedures.

In the last few years there have been changes to the visual information displayed on the scorecard board as the organisation tried the most suitable way of relaying the information pertaining to the key performance indicators (KPIs) which have already been discussed above. The scorecard which is now on display has just the information which is relevant to what the junior members of staff need to know. The only caveat with is that not all information for the same KPI is the same, i.e. the information on the P&L report and the retail performance website do have additional components added to the figures.

JS recognises the fact that for performance targets to make sense they should normally be developed based on a strategic plan that includes objective, quantifiable and measurable performance goals. A balanced scorecard or a balanced set of measures provides that valuable information. As discussed earlier, the system in JS is such that the board agrees on the targets and they cascade them to the CEO who then agrees them with the relevant directors. In the convenience format there are now only two regional directors directly answerable to JK. Once they have decided which targets are to be given to each region the targets are further broken down into areas than stores. It is up to the store to further apportion the targets to his/her team. It is imperative that the whole team is aware of the measurement systems and are also able to access information on performance (daily flash reports), including measures used for determining progress toward achieving results (periodic scorecard).

The performance reviews that are done for J Sainsbury's management are mostly based on the balanced scorecard (this will be covered in chapter 7). The layout of the JS scorecard results has evolved over time; initially red, amber and green sports cars were used to relay the message to staff. However, it soon became apparent that the message the organisation was trying to send across to staff was not received or interpreted the same as senior management

was expecting. Having said that, the view which seemed to be acceptable was the part that the scorecard was intended at an operational level to review strategy in a way which was understood by store managers and could also help them to monitor the progress they were making year to date. The scorecard results are now displayed on the noticeboard periodically (updated every four weeks). However, care should be taken by the reviewers of a scorecard that the results on the scorecard are not absolute and have to be investigated for any underlying causes of variance from the expected result. This was also discussed with the FCD in regard to identifying poor performing stores based on the scorecard information; the response was that,

*the scorecard does gives the finance department a flavour of where there are issues, but actually unless one goes and visit the store it is difficult to say because they may be other issues affecting the store. One might take two stores that do not look good in every way and might conclude that it is the store managers but the job of the department is to inform the SRMD that; there is a problem store and then state the identified problems.*

Additionally, the scorecard does have an employee perspective incorporated which is the commitment to training score. The JS scorecard focuses attention on the performance of the key internal processes that drive the organisation, including employee training, but not their full development and retention. The development and retention perspective directs attention to the basis of all future success, the organisation's people and infrastructure; the lack of focus on this aspect in the past by the company created some setbacks in clawing back their talent pipeline as there were no or very few candidates identified in the previous years. The problems have since been rectified and, as the HOO stated,

*So what is important in a business like our that is growing so quickly is that we always have a pipeline of well-trained properly skilled leaders almost like a substitute bench at football match; waiting they for an opportunity to come along, because once you start off with a leader who is probably isn't the right one for the store it is difficult to undo all of the bad practices, potentially the poor morale in the store created by he or she. So starting off in the right way is so important. That is one of the things we are hard on this year because we have to open a lot more this year.*

Adequate investment in these areas is critical to all long-term success as the senior team have now discovered. In addition, to sustain the above results and in order to implement the

strategies efficiently there are internal processes that JS has adopted and these will be discussed below

## **5.4 INTERNAL PROCESSES PERSPECTIVE**

### **5.4.2 BUSINESS PROCESS RE-ENGINEERING (BPR)**

As mentioned earlier, JS has had to undergo organisational change as well as organisational development in order for it to have swung back to trading profitably. The first step that JK took was to draw ideas from all colleagues from across the business estate on what went well, what needed to be improved and how best could it be improved. There were a lot of ideas that were put forward which were taken on board, hence the conception of business process reengineering (BPR). Some of the processes were a hindrance to stores achieving good results and some of them just made work unbearable. Most operational processes were long-winded and labour intense, meaning the organisation was losing a lot of money through operational costs, i.e. labour, utility bills, wastage and high staff turnover.

Faced with this situation, JS desperately needed to implement BPR as identified the benefit and there was also an urgent need to improve the effectiveness and efficiency of business processes in response to an increasingly volatile, competitive and global business environment. The processes had not completely broken down; however, the IT infrastructures were so out dated, the supposition was that BPR could be used to make dramatic improvements in the critical contemporary measures of performance such as cost, quality, service and speed. In a way it was seen as a way of starting on a clean sheet of paper, not because the organisation would not refer to existing processes or modes of operation but because the introduction of new technology was expected to bring a new edge to the business. The SRMD remarked as follows;

*IT is ever changing and improving if you look back in the past; IT was outsourced and then brought back in. If you look at the plans there were good for improving our RMI but this can't be done overnight, you know we either spend on IT or we open a new store. Board has to decide how much we have to spend on everything. If you invest more in IT, then you won't open more new stores.*

Having said that, one outcome of the business process re-engineering which is IT based was the 'Just in Time' stock management system, this system is discussed below.

### **5.4.3 JUST IN TIME (JIT) STOCK MANAGEMENT PROCESS**

JIT as an internal process covers internal operational goals and outline the key processes necessary to deliver the customer objectives such as 'focus on availability', also referred to as a FOA walk. This is based on the just in time (JIT) strategy which is a philosophy that products should be in store in time for the customers to purchase as and when they need them. The argument for applying JIT is that there are major cost savings that come from increasing inventory turnover, which in turn reduces inventory holding costs such as warehousing and store costs, and the company's need for working capital. JIT is a system that requires a continuous stream of small batch (few products) supplies to ensure inventory is minimised within the organisation and is quite suitable for convenience stores due to the small sizes of the warehouse.

However, adverse weather can disrupt this continuous flow, and this has an impact on three of the KPIs: MAC, sales and labour costs, (as you still need to pay colleagues for coming to work and possibly extra to replenish the products when the products are eventually received in store). JIT was intended to create a culture in which all employees are encouraged to contribute to continuous improvement efforts through generating ideas for improvements and performing a range of functions. It was noted in this regard that JIT is mostly associated with production although the concept originated from observations carried out in a retail shop; therefore the concept of generating ideas was not evident at the time of research. However, FOA walk was introduced to achieve the principles of JIT. The cost reduction due to an increase in the inventory turnover can be presumed to exist in JS; however, the reduction in warehouse cost is non-existent for the old stores as not much can be done about space that is not being utilised.

Having said that, every three weeks when the promotion cycle changes excess stock is received in advance in readiness for the change. This is also the case during major festivals periods such as Easter and Christmas. At such times all stock holding space is utilised. Some of the newly opened stores are being designed to maximise the cost benefits of applying the JIT stock management system by minimising the stock holding area, in most cases this works well except in a situation where the sales budget is incorrect. There may be great challenges if the sales budget is understate pre-opening and therefore the warehouse is built to accommodate fewer pallets than it is currently holding (post opening). It is an issue that has been highlighted in some stores and there is not much that can be done about it in the short-

run except for the store to work extra hand. These were the HOO's comments:

*If you say a store is going to take £50k per week and it takes £80k per week. You could argue that it is a probably a good problem to have and the rest of it. However, you never set the store to take £80k a week, therefore you are putting the colleagues under huge amount of pressure (in those early and very important first few weeks) whilst you are trying to recruit colleagues to get to a level where you can serve customers efficiently.*

The other reason for having too much stock held in the warehouses can be either due to an error in inventory figures or wrong amount of stock requirement forecasted. The disadvantage of having a warehouse that is full due to errors in implementing the FOA system means the stores incur high wastage in terms of food thrown in the bins and also time wasted in trying to replenishing stock which is not needed at that particular time. To expand this theme further, the colleague who checks that the product is still within the freshness date will have extra work as they will be checking additional stock which is not required at present. Also, as part of the stock management process, every product in the warehouse has to be checked on a daily basis to make sure it is where it should be; therefore colleagues will keep checking the same products over and over until such a time as the products are finally placed on the shelves in readiness to be sold. This anomaly will eventually affect the other KPIs.

However, it should be noted that JS, though constrained by lack of options within the JIT framework, has availed training facilities to staff in a wide range of areas pertaining to stock management processes including techniques to ensure a smooth flow of stock movement from direct suppliers as well as the depots. The main limitation with this is not many colleagues have taken up the challenge to learn and fully utilise the information to ensure good stock management systems are in place within their stores. This will be covered in detail later under the individual stores that were reviewed as part of the case studies and it is highly topical because of its impact on the performance of the stores for at least 5 KPIs.

# **CHAPTER 6**

## **CASE STUDIES OF VARIOUS CONVENIENCE STORES**

The last two chapters have covered the objectives of JS as a company and how these objectives are turned into strategies. Furthermore, how the strategies are translated into key performance measures/indicators. There have also been several discussions with the directors in regard to the implementation of these strategies within stores. Therefore this chapter will now cover the implementation of the strategies within stores and how these are interpreted on the scorecard

### **6.1 STORE PERFORMANCE COMPARISONS**

One of the discourses that arose during the research was not to be presumptuous about the scorecard results as the case studies were being conducted but to take into account the following expression: “Are SBUs successful because they have the best processes or does success provide organisations with the time and resources to develop the best processes?” The other consideration that was raised during the in-depth interviews with the directors was that they all stressed that store managers must be visionary leaders (Bass 1995; Avolio 1993; Kuhnert and Lewis 1987) or charismatic leaders (Avolio and Yammarino 1990; Bryman 1993; Klein and House 1995) and as such will always articulate compelling visions, missions and values which then lead to high performance.

This section of the research is therefore about the regular, predictable and sequential patterns of work activities performed by the different members of staff, referred to within J Sainsbury's as colleagues, and the store managers who manage these activities. It is important to note that there is no store with the exact characteristics as the other, but most of them have similar characteristics, either based on their customer profile, trade patterns, location (residential/high street) or sales.

### **6.2 CASE STUDY: QPL AND EBL (LONDON STORES)**

QPL was used as the model store as it had achieved all its KPIs in the previous financial year and has had an arduous start to the current financial year. Comparisons have been made with EBL, which has similar trade characteristics but takes slightly lower than QPL. Both are

London stores which are situated very close to the central part of London and near tube (railway) stations.

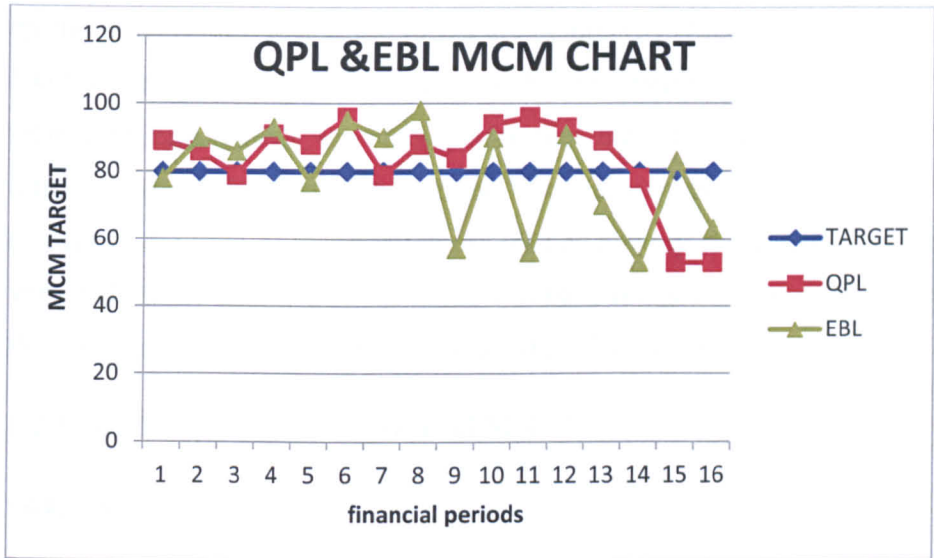
The main KPIs on the balanced scorecard are linked to the annual bonus. Therefore, having achieved very good results last year, it may be construed that QPL may have become a victim of their own success as their performance last year may have reduced experimentation and learning behaviours (Guest et al. 2003; Grint 1993) which are normally associated with the scorecard. On the other hand, EBL did achieve a few KPIs and had started off well at the beginning of the last financial year; however, it has struggled in some areas. The discussion with staff and the store manager revealed that initially staff meetings were held to get all colleagues' views; however, these have been discontinued due to the pressures of work and also the store manager being out of the store for a month.

What was also raised was that the staff felt that management should help them to develop their own understanding of what was important so as to attain goals. In fact, two members of staff indicated that they just came in to do as they were told and after that they would go home. This store's takings are higher than some stores observed, which contradicts the principle that high sales managers exhibit more transformational and transactional leadership than low performing sales managers (Russ et al. 1996). The other contradiction noted is that subordinates in higher taking stores are expected to exhibit low stress and greater satisfaction and loyalty than those in low taking stores, that was not the case in EBL.



**QPL & EBL MCM information,**

**Graph 6.2.2**



**Extract from the 2009/2010 JS scorecard**

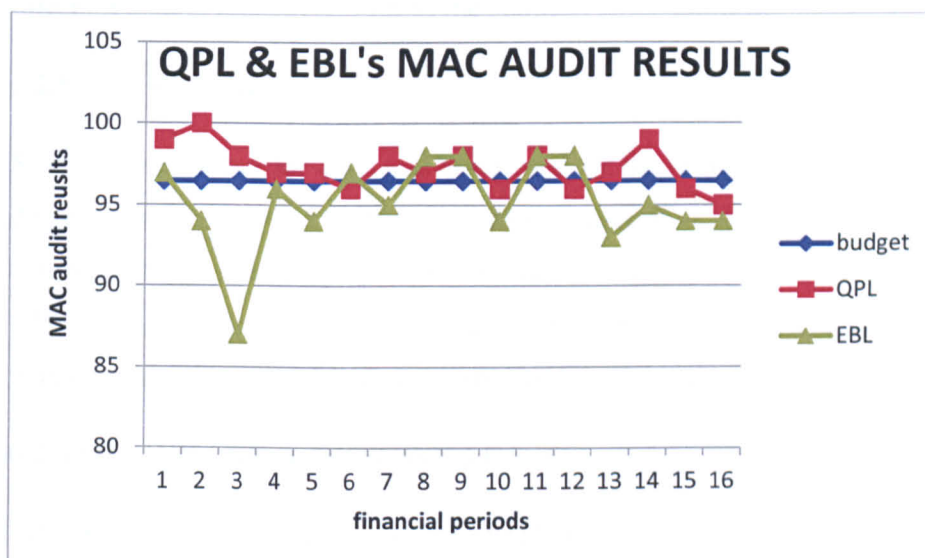
EBL has had a rollercoaster type of MCM results. In one period it would achieve extremely good results whilst the next time around it would show poor performance. During the research it was also recognised and noticed that the labour matching may have contributed to the occasion poor results. Good interaction was observed but unfortunately the queues were not moving as fast as they should have due to the limited number of colleagues available. The issue of labour cost management versus customer service was brought up by colleagues as they struggled to get their work done. Conversely, QPL achieved its MCM results during the previous financial year under a different store manager without significant difficulties. Upon making a comparison between the two stores the initial reaction was that the success of QPL's performance was enhanced by the fact that they had self-scan checkout which EBL did not have; however, the problems that EBL has been experiencing may have other underlying reasons.

The corporate MCM results have generally been lower than expected; therefore JS has introduced three different of ways engaging colleagues in order for them to offer good services. These are customer journey, colleague observation and electronic action plans. The customer journey (the form used the most) gives the colleagues the opportunity to have the same shopping experience as any customer from the time they walk through the door to the

time they leave the store. EBL has used these forms religiously and the outcome has been a tremendous improvement in the performance of the store. At the time of the research one store manager was seen coaching one of the colleagues on the shop floor. It is now presumed by the organisation that if the forms are completed twice a day and completed with a high level of clarity, there is a likelihood of the store performing better than before. This can be related to EBL which was underperforming but has improved its performance since the introduction of the customer journeys. Conversely, no apparent information on this was evident at the time of the research at QPL; as already stated the store had been performing very well in the past and as such seems to have relegated continuous learning. The impact of this has been poor results for the first quarter of the financial year.

### 6.2.3 QL & EBL's MAC AUDIT RESULTS

Graph 6.2.3



#### Extract from the 2009/2010 JS scorecard

EBL has struggled to maintain high level of availability of the core products that the customers would buy. The store is in a premier location – along a busy road, with a bus stop in front of the shop, is part of a big shopping centre, is also in an affluent residential area and near a very busy railway station. Therefore, the demand is quite high for core consumption products. The store layout of the products looked good at the time of the research; however, the high demand meant products needed to be replenished more frequently than for a store which has set trade patterns. One of the issues highlighted was that more training needed to

be conducted in regard to the stock management system of FOA walk. Although the relevant reports were actioned there seem to be low understanding of the vitality of the FOA walk process. QPL had very good results in the previous financial year but has had a few poor results this year. This will be analysed further in the story outline as to what could have been the possible cause of the change in performance as nothing else seems to have changed apart from the change in store manager.

#### **6.2.4 LICENSE TO TRADE AUDIT (LTT)**

Both stores did achieve a green audit in the previous financial year. This year has been a different story as stores removed their focus from this KPI to concentrate more on other problematic areas. The result has been a drop in the standard of information completed and a lack of attention to detail. During the time of the case studies research it was revealed that there was also a knowledge gap that was not evident before as the stores had been run by different a store managers prior to the audit.

#### **6.2.5 TALKBACK**

Store talkback score for EBL was quite good for the previous year, although a follow up 360-degree survey showed a shift in colleague satisfaction. A high level of stress was observed among colleagues as they tried to multitask, having said that, some of them did cope well. QPL had a fantastic score of 99% and the atmosphere in the store at the time of the research would confirm that the colleagues were happy to be part of that team.

#### **6.2.6 SHRINKAGE (UNKNOWN LOSSES)**

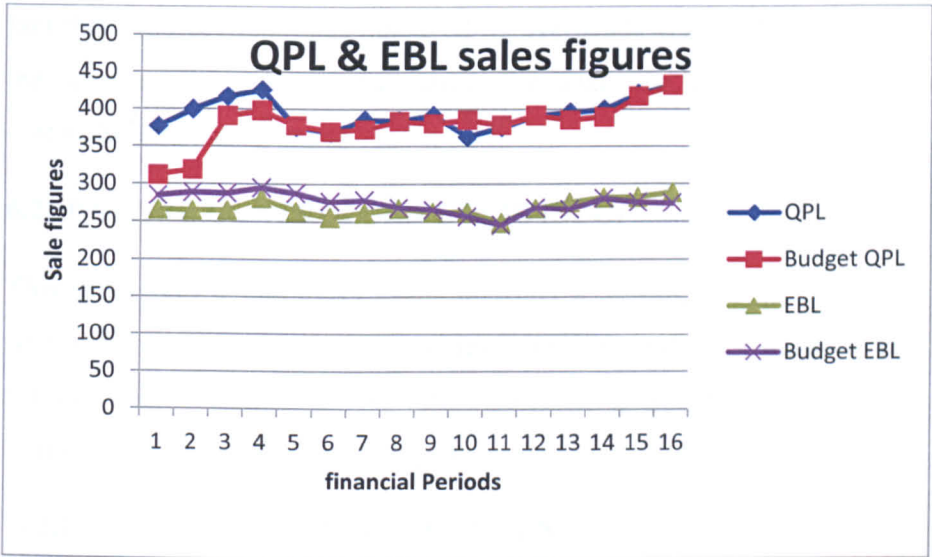
EBL has had major challenges with shrinkage; though it is well known that shoplifting is a major issue within the store, there could also be other underlying causes for the huge losses. EBL has a shrinkage communication board on which information is posted which highlights the most vulnerable areas of the store and also the general results for shrinkage. QPL achieved the budget for last year and therefore did not set up a shrinkage board like their counterpart; but this year's shrinkage results have taken a turn for the worse. At the time of the research it was noted that there were also lapses in security matters which may have attributed to the increase in their losses.

6.2.7 WASTAGE (KNOWN LOSSES)

EBL had achieved its wastage targets both last financial year and this financial year. In the past the store had failed to achieve their target due to failure in adhering to the processes (despite having an experienced code checker), but this has since changed and the code checker has been retrained. It was acknowledged that by following the procedures consistently there would be an improvement in the performance. Conversely, QPL has an experienced code checker who has done the job for over a year and is very skilled in what she does; therefore the store results have been good.

6.2.8 QPL & EBL SALES FIGURES

Graph 6.2.8 Sales



Extract from the 2009/2010 JS scorecard

Both stores have achieved their sales budget for this year (periods 14-16), EBL’s variance to budget is +2.6%, which is a great turnaround for the store as they were underachieving last year (periods 1-9) by 3.65%. The growth year on year has been better for EBL than before; whereas QPL’s growth has been minimal with a variance to budget of 1.16%, despite the fact that QPL sales budget was underestimate during the first half of the financial year and then latter adjusted during the second half of the financial year. A lot of changes had been implemented to the layout in EBL in order to enhance sales.

The combination of the experienced store manager and his new duty manager created a complementary skill set that has driven sales figures upward, even though it has unfortunately taken more than twelve months to become evident. The other reason for the slow increment in sales was the decision by senior members of management to remove of product display stacks from the shop floor in order to give more space to customers manoeuvre. This was based on the new strategy of 'clutter free' aisle. Whilst it worked well in some stores, EBL (especially for seasonal products) lost out in sales due to the limited shelf storage capacity and no one to replenish during peak times when demand was high.

#### **6.2.9 STORE ACCOUNTABLE PROFIT (SAP)**

Last financial year EBL did not achieve its SAP due to low sales and high overheads; however, this year the store has not only achieved its sales budget but also its SAP due to the fact that the store team has managed its overheads very well. QPL achieved its SAP in both the last financial year and the current financial year, this can be attributed to general good cost reduction management.

#### **6.2.10 STORE CONTROLLED COSTS (SCC)**

This is one KPI within every single manager's control; it is one which can be easily managed within the store. Both stores did achieve the SCC in the last financial year, although QPL did achieve it by a marginal percentage. This financial year QPL is not doing well and may need to review in detail what has changed.

#### **6.2.11 TRAINING AND DEVELOPMENT**

According to one of the managers, there was a limited sense of leadership in the store that created an environment in which the store's population could be effective. The CPRs checked showed that goal target setting was prepared by the manager with little input for the implementers which implied that the colleagues were being told what to do rather than targets being agreed jointly, although the store manager's perception was to use the colleague performance review (CPR) as a tool to give appropriate direction in which the store should be going. Staff felt that the store was being run on command and control with less leadership involvement. Conversely, QPL CPRs were done by all colleagues.

Additionally in EBL, there was one, if not a few, colleagues whose development had not progressed for more than a year. Management made a comment about supervisors lacking



confidence and the drive to take up challenges; however, there were no plans in place to indicate how they were supporting these colleagues to realise their potential.

The colleagues at QPL seemed to be well trained for their jobs; in fact two of the colleagues spoken to had been doing the same type of job for over one year. The observations revealed that all stores with well 'seasoned' (competent) colleagues were very good at complying with the company's policies and the quality of the work produced was of a high standard. Both stores have been faced with challenging circumstances this year, which has made it difficult for them to produce a high level of performance for a particular job where the job incumbent has left. QPL has a process in place to train staff and one could tell that colleagues were confident in what they were doing. Although there were areas where coaching was required, generally, the training tracker was up-to-date. The supervisors' development plans were completed with high standards too. On the other side, EBL's training records were up to date, but the supervisors' development plans were not at the required level.

#### **6.2.12 LABOUR**

Both stores achieved labour targets for the previous financial year and the current financial year. With regards to EBL, the observation was that the saving may have been done at the expense of training, customer service (MCM/MAC) and having good processes within the store.

#### **6.2.13 STORE ARTEFACTS**

The artefacts, such as the pride wall, were fantastic in both stores, with EBL having a more creative board. Though the colleagues were happy see to their photos, the general morale did not match the surroundings. QPL on the contrary showed a happy and enthusiastic bunch of colleagues. Though they might not have been aware of everything that was on the wall, like the corporate strategy, there was a sense of a 'determination to succeed' kind of atmosphere.

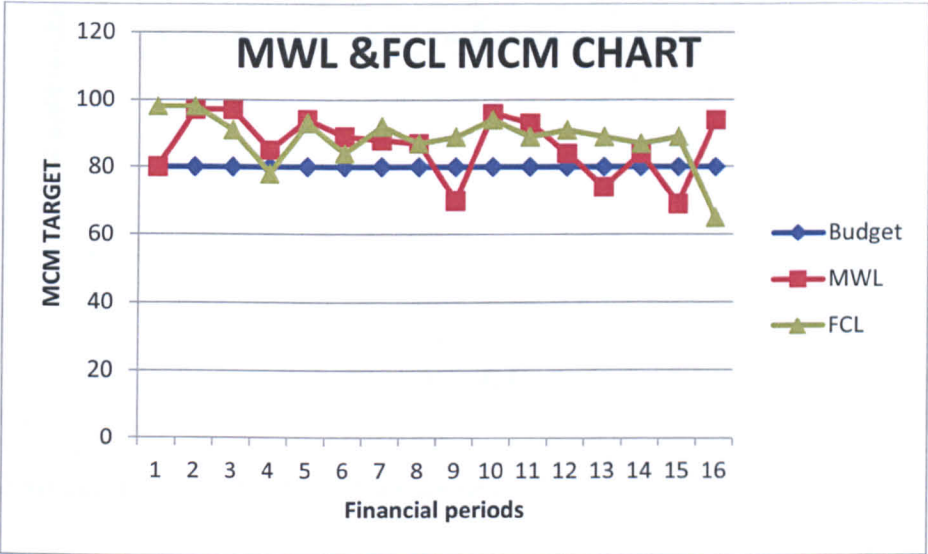
### **6.3 CASE STUDY: MWL AND FCL**

FCL is in greater London (within the M25) and MWL is outside London. The two stores will be compared as they have similar sales figures. FCL is a store which has always achieved most of the KPIs on the scorecard but lately it has become apparent that the continuous learning derived from using the scorecard had slowed down. This lead to a drop in the

general store operational processes as there was little incentive to make any changes as the team was assured of their bonus anyway based on the results of their scorecard.

6.3.2 MWL & FCL MCM information

Graph 6.3.2

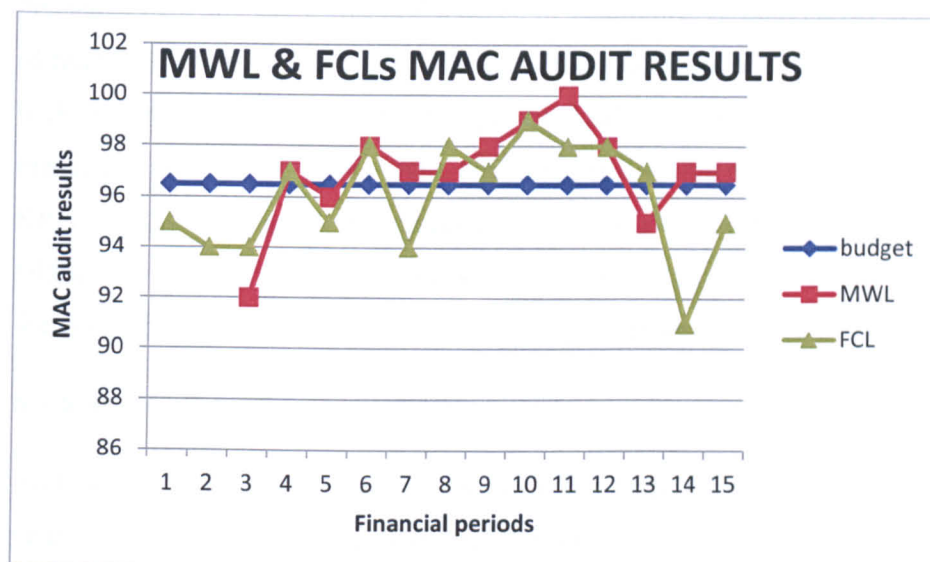


Extract from the 2009/2010 JS scorecard

Both stores did achieve MCM for the last financial year (periods 1-13) and this financial year. At the time of the research there was not much in terms of artefacts within the stores which would have suggested that they had raised the profile of this KPI. The achievement was assumed rather than strived for; in fact, one colleague at FCL made the comment that the response to any beacon to clear long queues within the store was not treated with much urgency. However, traditionally both stores have always had good results regardless of who is running the store. Both stores are quite busy and the checkouts do have core colleagues who are there most of the time and have gained the skill and competence of serving customers. FCL has a defined trading pattern which makes labour matching quite easy.

### 6.3.3 MWL & FCL MAC information

Graph 6.3.3 MAC



#### Extract from the 2009/2010 JS scorecard

Similarly MWL has achieved MAC for both this financial year and last; on the other hand, FCL has failed to achieve for the current and the last financial years. The observation was that the process of managing the stock (FOA walk) was not in place as was evidenced by the amount of stock in the warehouse. The retail loss process report revealed that there were knowledge gaps within the store in regards the efficient operation of the 'just in time' (JIT) stock management system.

### 6.3.4 LTT

Both stores had adverse licence to trade audit results; this was quite evident in all the desktop research conducted in these stores. The store diary (audit checklist) was initially completed as a tick box exercise; however, after the audit results and change of management, there was more focus given to the store audits and both stores have made progress in their compliance with the safe and legal way of trading. At the time of the research both stores had a lot of outstanding queries which were highlighted just by scrutinising the store diary.



### **6.3.5 TALKBACK**

Both stores had very good talkback results and at the time of the research, despite the pressures of work, there was still a sense of belonging. In both stores there has been a change of management and a complete change in the leadership styles adopted. The predecessors in both stores had a laissez-faire type of leadership style adopted by the members of management, even with this style, the stores still managed to yield good results of the store KPIs. On the other hand, the succeeding managers have different leadership styles. The next talkback will reflect whether there is an attitude change under the new leadership and whether the colleagues still feel that their stores are 'great places to work'.

### **6.3.6 SHRINKAGE**

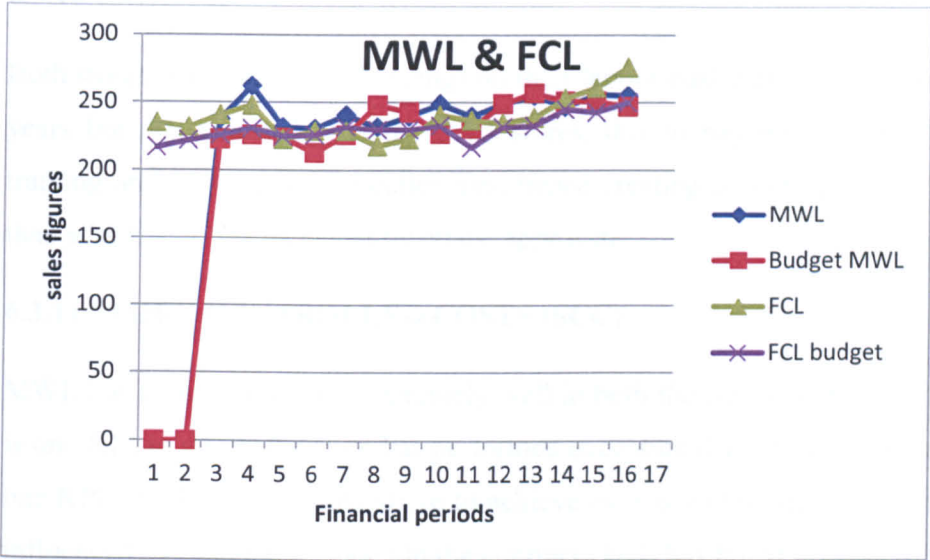
Both stores failed to achieve the unknown loss budget for last financial year and the current year. The change in management does not seem to have done much to improve these results; in fact the retail loss reports highlighted the problems that the stores were still encountering in adhering to the process measures. A knowledge gap was identified in regard to the 'just in time' stock management system which, if properly used, is meant to help deal with stock losses at an early stage so as to avoid cumulatively high losses by the end of the financial year.

### **6.3.7 WASTAGE**

The knowledge gap identified regarding the JIT stock management system has also had an impact on wastage. JIT is a strategy which when adopted is meant to eliminate wastage. Both stores failed to achieve their year-to-date budget for wastage which is a downward trend for FCL who achieved their budget last year. A lapse was identified in adhering to processes in both stores, as highlighted by some retail total losses reports May/June 2010.

6.3.7 MWL & FCL SALES INFORMATION

Graph 6.3.7



Extract from the 2009/2010 JS scorecard

Both stores have continually exceeded their sales budgets; despite FCL failing to meet its availability targets, the store’s sales have been phenomenal. The store has had four different managers running it with different levels of experience, from the most experienced to a store manager in training, and yet there has not been much change to the sales figures achieved. The store has continued to excel (sales to budget percentage increased from a budget of +2.4 % to 7.11%) and it does not seem to matter who is running the store during the financial year. MWL has also had very good sales results, though the sales to budget percentage has now dropped from 4% to 1.25% (periods 1 & 2 have neither the sales or budget for MWL because the store was not open to trade.)

6.3.9 STORE ACCOUNTABLE PROFIT (SAP)

During the last financial year both stores did achieve their SAP, despite the challenges they faced in achieving the shrinkage, wastage and store controlled costs budgets during the year. This can be attributed to the high volume of sales and the inelastic demand for products. The strategic positioning of the store also did facilitate good performance for the year. However, this year MWL has failed to achieve the budget due to a huge one-off loss that the store

incurred within the first quarter of this financial year. On the other hand, FCL did achieve a very good SAP and the gross margin is quite high.

#### **6.3.10 LABOUR**

Both stores made substantial savings on their labour cost during the last and current financial years but, as indicated with the other stores, this money would have been well spent on training and developing the colleagues, hence creating a talent pipeline for the store rather than adopting a 'management by crisis' approach.

#### **6.3.11 STORE CONTROLLED COSTS (SCC)**

MWL has managed its SCC extremely well in both the past and current financial years. This is one KPI in which the store has performed exceptionally well and, as already stated, this is one KPI which stores should strive to achieve as it is within the store's control and is not so influenced by external factors. On the contrary, FCL has failed to achieve the budget both for the last and this financial year. This raises a question as to how the store failed to achieve the only KPI they have total control over and yet achieved the results for the other KPIs which are influenced by external factors that may be favourable or non-favourable to the store.

#### **6.3.12 TRAINING AND DEVELOPMENT**

At the time of the research there was still some mandatory training outstanding in both stores. Foundation training for the core areas, such price control, code checking and licence to count, had not been completed. Though the colleagues showed a determination to do their jobs, they needed to be up-skilled and to attain a competency level which would be reflected in the store results especially in key areas such as stock loss management (wastage and shrinkage). Both the new managers were determined to train their colleagues so that performance of the store would be sustained through using a workforce that had the required capabilities and competencies.

#### **6.3.13 STORE ARTEFACTS**

There wasn't anything too stupendous about the artefacts in FCL during the time of the research; instead there was a sense of achievement within the store based on the fact that the majority of the KPIs on the scorecard were green. On the same note, MWL had also achieved their results through motivational leaders who inspired the colleagues to do their best rather

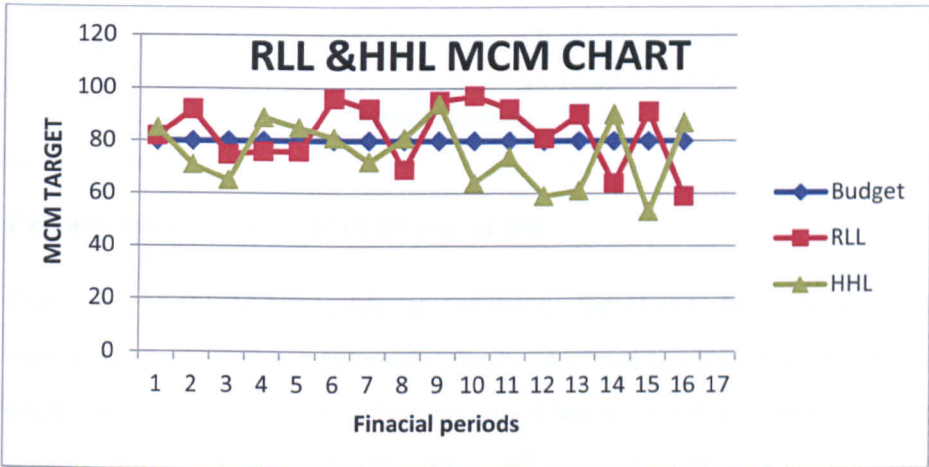
than through artefacts within the store. In any event, MWL later improved the artefacts and produced a stunning MCM board; however, the impact presumed by all was not the outcome result for the period, instead the MCM results took a downward swing.

6.4 CASE STUDY: RLL AND HHL

RLL is in greater London (within the M25) and HHL is outside London. The two stores will be compared as they have similar trade patterns.

6.4.2 RLL & HHL MCM information

Graph 6.4.2

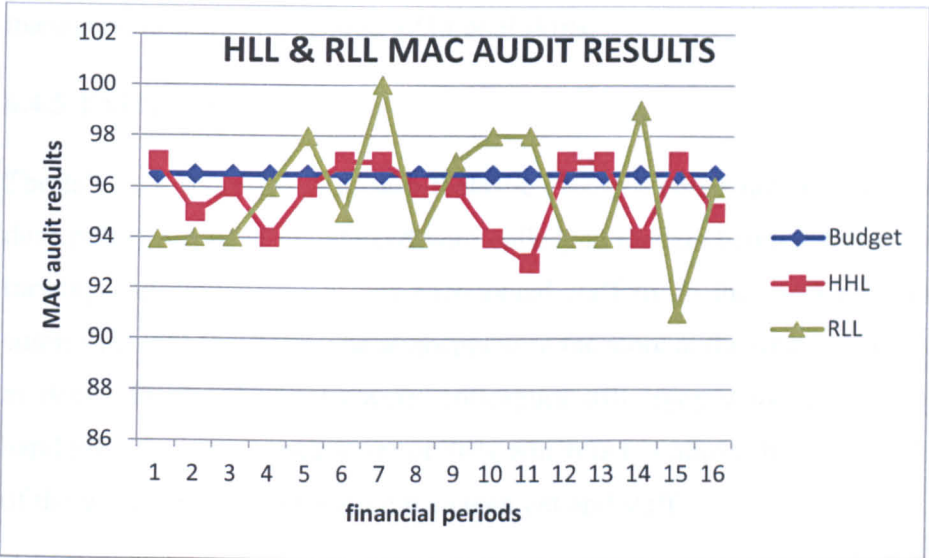


Extract from the 2009/2010 JS scorecard

RLL had a good MCM result for the previous financial year (periods 1-13); however this year's results have been like a rollercoaster with a mixed bag of very good and extremely poor results. There are indications that the changes in the scoring system may have had an impact; the store has been adversely affected by downsizing. Colleague interaction with customers was a key challenge for the store, as colleagues were faced with multi-tasking and still maintaining a high level of customer service. On the other hand, HHL was not able to achieve its MCM results during the last financial year, nor this year. During the time of the visit to the store it was noted that there were very few staff in store who were working during the shift and the response to the bell by some colleagues was not swift as they tried to focus more on replenishing (improving availability). The store was in the process of recruiting more staff, in the meantime they were under a lot of pressure to cope with the customer demand as well as maintain the store standards.

6.4.3 HLL & RLL MAC AUDIT RESULTS

Graph 6.4.3



Extract from the 2009/2010 JS scorecard

The story of the MAC results is similar to the above; however the last few months have indicated an improvement in performance. A change in the stock control function did have an impact on the stock ordering system, which led to an error in inventory figures, hence the JIT system failed. What was also observed in both stores was that, though the focus on availability (FOA) walk was done religiously every evening, the entire stock management process, of which FOA was not fully understood by the colleagues. As a result of this, the benefit of having the products just in time (JIT) for the customer to purchase was not fully appreciated. Division of labour meant that some of the FOA process was done in the morning and the rest in the evening. Each colleague did their bit without much reference to what the other person did. This can be taken as a failure to have or see processes from a bigger picture. The FOA walk was seen as business as usual without much emphasis on how the process could actually benefit the customers, improve sales and reduce wastage, hence increasing the profitability and viability of the business.

6.4.4 LICENCE TO TRADE

The RLL store processes were excellent; most colleagues knew their responsibilities and were knowledgeable and able to articulate their knowledge. The information was easy to find



and well defined. On the other hand, HHL did not perform as well in the LTT audit in the last financial year; however, there was a sense of determination to get things done well this financial year which was reflected by the keenness of most colleagues, including the managers, to learn and acquire additional skills.

#### **6.4.5 TALKBACK**

The talkback score for RLL was fantastic (96%) – colleagues feel appreciated and an open door policy has been maintained with colleague matters being resolved promptly. Colleague training and empowerment has encouraged staff to go the extra mile and also encouraged commitment to the store. The atmosphere in the store at the time of the research showed that, as demanding as their jobs were, colleagues still enjoy working in the store. On the other hand HHL had a talkback score of 86% which is 6% above the target and is also a reflection of the working relation between management and staff.

#### **6.4.6 SHRINKAGE**

This has never been a challenge to RLL and HHL, although upon reviewing both process measures and FOA reports shows that their lapses may have been attributed to the variance performance for each period. In both stores security measures in regard to the storage of high value stock was very good. A couple of documents were not in place at HHL which should be kept as part of the shrinkage golden procedure, the high losses could be attributed to shop floor theft as well as lapses in the acceptance of incoming delivery processes.

#### **6.4.7 WASTAGE**

This KPI had been a challenge to RLL initially, they managed to get it under control for over three months and then it went out of control again. The observation was that there was again a lapse in following the procedures as colleagues became complacent due to their successful turnaround of events. This KPI has a linkage to the MAC; therefore when the MAC is being achieved the forecast for the products required is automatically increased with the hope that the store will not end with gaps by the end of the day. The down side to this is that if there is a change in the weather or a refrigeration breakdown then the products are not sold as quickly as anticipated and therefore end up as wastage. Conversely, wastage has been an issue with HHL last financial year; what has to be borne in mind is that there is a correlation between

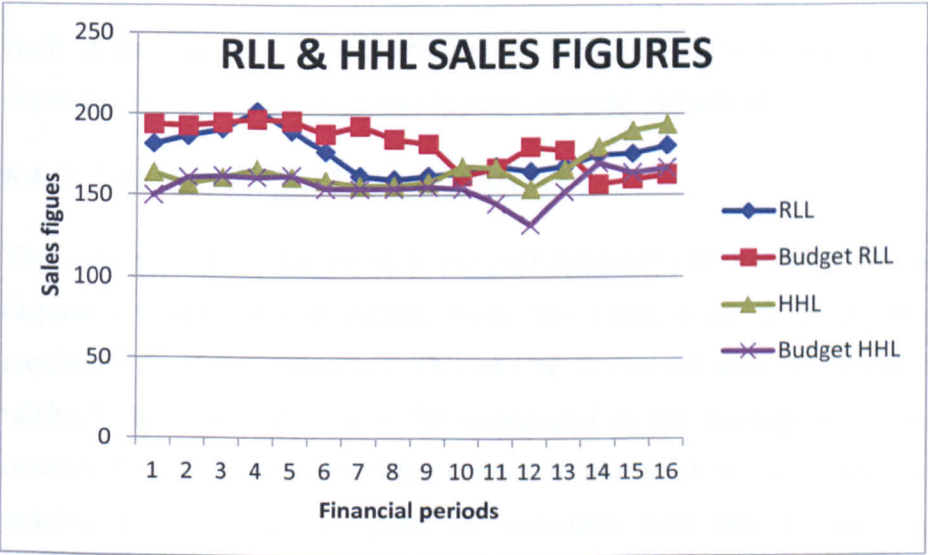
MAC and wastage which is all about the procedures adopted as these can lead to a good or poor performance of either KPI.

6.4.8 LABOUR

RLL did not achieve their labour budget during the previous financial year or the current. The store had a new competitor open right opposite the store and there were also other shops around which had changed ownership and had converted into food retailers. The store did need to change its structure in order to accommodate the changing environment but could not reduce the level of staff below a minimum requirement as that would have created security and legal issues. On the other hand, HHL achieved its labour budget both last year and this financial year due to good labour planning and because the impact of competition was not felt as much there as the shopping centre has a higher density of shoppers than RLL. It should also be noted that the labour budget does have an impact on MAC, MCM and sales. Whilst achieving sales would push the labour budget up, however the increment would not be the same in proportion as that of the hours required to achieve MCM, MAC and other processes.

6.4.9 RLL & HHL SALES FIGURES

Graph 6.4.9



Extract from the 2009/2010 JS scorecard

As already discussed above, RLL did not achieve its sales budget in the previous financial year due to the new competition the store faced during the second part of the financial year.

However, the store is well ahead of its target as adjustments have been made to take into account the change of circumstance. Having said that, the sales performance has also improved compared to the previous year based on comparing the sales for the same period during the last financial period. Conversely, HHL has been doing extremely well and has achieved both last year's and this year's sales budgets. The high sales for HHL did put the colleagues under pressure regarding other KPIs, like MAC and MCM, as already discussed above. One-off major events such as the regatta also contribute to the boost in sales and should therefore be acknowledged during the performance management reviews.

#### **6.4.10 STORE ACCOUNTABLE PROFIT (SAP)**

RLL did not achieve SAP as the sales were lower than budget and the costs were still high due to some fixed costs as well as other variable costs (i.e. labour costs) which could not be fully adjusted until the end of the financial year. This financial year has seen a turnaround; though the store may not be achieving the labour budget, the sales are high enough to accommodate all overheads. HHL did achieve both this year's and last year's SAP; as already discussed, they did achieve their sales budget and labour budget (which is the highest cost) which made it possible for them to achieve the SAP.

#### **6.4.11. STORE CONTROLLED COSTS (SCC)**

Both stores did achieve their store controlled costs. This is one KPI which is within the control of each store manager and has few external influences.

#### **6.4.12 TRAINING AND DEVELOPMENT**

There were a lot of challenges in the past financial year and training had to be carried out despite the tight labour budget. RLL has made a milestone in meeting the training requirements of the colleagues. This can be associated with the turnaround in KPI such as talkback, LTT, shrinkage and the turnaround in the wastage figure during the last few months. A talent pipeline had been created within the store and progression was evident. The training has enabled colleagues to multi-task well and acquire additional skills and competencies which they previously lacked. As colleagues gained knowledge they felt empowered to carry out tasks and subsequently they exercised the autonomy which the new skills come with. HHL has made progress with their mandatory training requirements and the store manager has moved competency level this year to a higher degree as compared to where



it was last year. There is still a bit of work to do and therefore the savings being made on the labour budget can be invested in training colleagues.

All colleagues in RLL had their colleague performance reviews done and targets agreed; as such colleagues knew what was expected of them, although some were still underperforming. More focus on their individual performance would enhance the overall performance of the store and the same can be said of HHL. Both stores could achieve far better results if stringent measures were taken in regard to the performance of each individual. The CPRs completed showed most colleagues as achievers; however, taking into account the productivity of the store as defined by the labour budget, you would expect to see more colleagues being identified as underperformers and therefore their performance should be managed accordingly. Within the same context of performance managing individual colleagues, RLL had identified three high performers who progressed to the next level of the career ladder. A talent pipeline has been created so that colleagues can be developed and can get the training they need to make them more competent and improve their capability to move on to the next level of the career ladder

#### **6.4.13 STORE ARTEFACTS**

There were shining star boards in RLL and HHL and both stores had pride walls. The artefacts within the two stores indicate that both stores are more shop floor focused than back office. With great emphasis on the colleagues being made to feel that JS is a great place to work, both stores need to improve their artefacts to make the back office look more personal (based on colleague profiles) and friendly. According to the area manager and personnel manager, such an atmosphere can increase the effectiveness of the colleagues.

#### **6.5 SUMMARY OF FINDINGS**

The selection of the stores for the case studies had been based on the results of the 2009/10 scorecard. The information on the scorecard showed that the performance of two stores was average (achieved 30- 50% of their targets), three had good performance results (achieved 51-75%) and one store had exceptional performance (achieved more than 75%). Therefore, if the reviews were to dependant solely on the scorecard results (as a way of assessing the performance of the stores and the store managers), the outcome of the performance review would have been very misleading. QPL, MWL and FCL store managers would have been

considered as good performers when in reality it is the vicinity of the stores that drove the performance rather than their operational capabilities. Particularly, upon reviewing the MAC results on scorecards, the assumption would be that QPL and MWL had robust stock management processes in place, the case study revealed the exact opposite. In fact the high stock levels in the warehouses proved that the Focus on Availability process was not adhered to. MWL, EBL and FCL achieved their wastage budget and yet failed to achieve shrinkage. These two KPIs are inter-related in a way as failure to record products as wastage means they end being recorded as shrinkage. The process measure report did reveal a lapse in these stores in regard to adhering to stock loss processes, which could not be picked up by merely looking at the scorecard.

One of JS corporate strategy was cost reduction, therefore labour costs which is one of the largest cost was reduced considerably. Based on the scorecard results 5 out of 6 stores achieved the labour budget, however in 4 stores this was done at the expense of the other KPIs. Conversely, during the case studies it was observed that the labour cuts had affected more on the low taking stores (RLL and HLL), as there were few colleagues to attend to customers, as well as replenish. Subsequently, both stores struggled to achieve MCM and MAC. On the other hand FCL, MWL and EBL achieved their labour budget at the expense of staff training and development and also complying with to licence to trade procedures. Subsequently, in the following financial year, 4 out of the 6 stores had worse off results than the year before, this is a paradox to the theory which state that scorecards are meant to facilitate continuous learning. The attribute to the difference in results was mainly due to the focus being on the achievement of the scorecard budgets (short termism) as well as inadequate operational capabilities.

Additionally, based on the high performance theories only two store managers/ stores (EBL) would have been considered as a high flyers as they were the only ones with skilled management team, highly motivated and committed staff (as portrayed by the talkback results). In view of the above commentary, the findings therefore justified a different approach for performance managing the stores; the Convenience Store Performance Management Model (CSPM) seemed more ideal as it covered more aspects of the performance drivers.

## **6.6 CONCLUSION**

The above summaries of the KPIs for the six stores which were part of the case studies show the varied range of performances by each store with none of them achieving all the KPIs. Some achieved more than the others with a concentration on the bonus-linked KPIs. Based solely on the scorecard, only QPL would be considered as being a high performing store, whilst MWL EBL and FCL would have been considered as achieving, however, that should not be the case when conducting a performance review – mitigating circumstances should be taken into account too.

Conversely, at a corporate level cost reduction strategy (through labour cost cuts) is a way of enhancing profitability hence corporate performance, however from the store manager's point of view this strategy may lead the store (especially in the low taking store within the M25) to having challenges in achieving KPI such as MCM, LTT, Training and MAC

Particularly, reviewing the scorecard during the case studies did not answer fully the research question therefore acquiring knowledge on how performance of the individual store managers was measured was considered. It was also imperative to understand the number of KPIs that need to be achieved in order to be classified under the different categories. Subsequently, getting to know how the reviewer decided who fell into the underperformer/achievers/high flyers categories was also key to this research. The discussion of the 'how' will be discussed in the next chapter.

# **CHAPTER 7**

## **PERFORMANCE MANAGEMENT**

So far we have looked at the corporate strategies and the key performance indicators (KPIs) which help the members of management to monitor the progress of the implementation of the strategies. Additional consideration was made towards the factors that would affect the performance of the stores. This was done through the case studies with a view to ascertain what was really happening in stores. This stance was adopted as the majority of the strategies are implemented in stores, which meant case studies were conducted in order to ascertain the effectiveness of the implementation system. Having done the above the subsequent stage was to review what the expected considerations would be during a performance review and the classification of the outcome in terms of who were high flyers or the underachievers. The prognosis is that by the end of this chapter it is presumed that the research question would have been addressed.

### **7.1 HOW PERFORMANCE IS MEASURED IN JS**

Generally the performance of the company is measured by looking at the contents of the annual corporate report or scorecard (at a regional, store and area level). During the March 2009 Road Show, it was indicated that the convenience stores have made a considerable contribution towards the profits during the last few years. Having said that, it was still important to review at different levels i.e. regional, area and then store level, what the performance was like. The 'unsettled' economic climate, make it even more important to monitor the individual convenience stores so that problems are identified and dealt with on time. The case study of the six stores also revealed different trading patterns and how easy it is for stores to switch from performing well to underperforming and vice versa. Therefore senior members of management (including directors) have made it quite clear that operation (store) managers have a vital role in implementing the corporate strategies so that the business as a whole is sustained. During the interviews, all the directors interviewed emphasised the fact that the store manager should be a good leader. The HOO who has been going round looking at poor performing store with a view of establishing the root causes, illustrated this point further by stating his observation as follows:

***A good store manager will understand the link between communication, great engagement and business performance. Sometimes you see stores and store managers, who don't huddle with their staff and celebrate success and don't update their team on what is happening in the wider business. Colleagues in the store are non-the-wiser they don't know how they are doing, they don't know if their work is leading to good results or poor results.***

Equally the Area Managers have a role to play and the message that was being conveyed by the directors was that the area manager should also be able to pull the area in the correct direction through colleague engagement. It was also pointed out that engaging the team and the store managers has to be done in order to keep abreast of what was happening at micro-level and macro-level. Additionally all the directors interviewed indicated that, if a store was going in the wrong direction, to swivel it all does take about a year or so, hence the need to appoint store managers who have the capabilities and competencies to run the store and engage the colleagues in all store and corporate activities. To illustrate the point further, the SMRD stated the following as one of the underlying causes of store underperforming;

***If a store manager does not engage the team and they do not understand what they are doing, that is when things start to go wrong and once things start going wrong, bringing them back is a really big piece of work.***

There is no doubt that the expectations of the directors are that a store manager should be competent, capable and one who is able to achieve results by engaging his/her team. Two of the four directors did acknowledge that there are some stores which face external challenges because of the location but it was concluded by them that store manager should still inspire the team to succeed regardless. The other two indicated that if the store was in a poor location and the external factors were having a tremendous impact on the stores, the company has to make a decision to either sell them off or swap them with another retailer. Even in the latter instance there is still a waiting period when the store manager has to keep trying to put the store right which means the scorecard will continue to reflect poor financial results.

Additionally, there are other factors which are store specific which will affect the store maybe for a short period time or for the whole financial year and these also need to be taken into account. A good example is the refrigeration breakdowns especially in older stores. One off refrigeration cabinet breakdown will not have the same effect as a total pack failure. A total pack failure can wipe the entire store's profits within hours if not handled efficiently and

this will affect the whole years trading performance for the store hence will affect the store manager's performance review at the end of the financial year. Store managers have often complained about the poor service level agreement (with most third party engineers) in regard to refrigeration problems and this has always been raised as source of concern in meetings. Similarly, the HOO explained other factors that can affect the performance of the store as follows:

*If we come to the bottom line (profit) there are neighbourhood challenged stores that do causes a degree of concern around their profitability and there are two things; they turn to be low taking store but they also turn to be a lot of low margin products. They tend to have high sells on a lot of low margin products such as cigarettes, beer, wines and spirits (BWS). Cigarettes have a very low gross margin on sales, so if you have a store taking £40k per week and £20k of this is coming from cigarettes, BWS then you overall gross margin is going to be low. This is a cluster of stores where most of our poor profitability stores turn to be.*

In additional there can also be one offs; for instance there is a busy store in central London which is leased and landlord decided to double the rent from £500k to £1m, instantaneously the bottom-line profit was affected through no fault of the store manager. Despite negotiations there is not much the store can do about this problem. It is important to note that generally when budgets are allocated to stores, any major adjustments would be done after the first half of the financial year, although the store performance is monitored on weekly, periodic and quarterly basis. This means, if any major incidents take place in the first quarter, the store manager has to lead and motivate his/her team to continue to do their utmost best until a solution is found. In addition the store will still be benchmarked with other store managers who are in stores with a similar budget but have few factors affecting their performance or are located in a lucrative area (e.g. affluent residential area or high street)

Particularly, what this means is that, managers are moving from merely accounting for the results in their stores to being held accountable for their results. In addition there has also been a shift from looking at the department's achievements as reflected on the scorecard to looking at the results based on the process measures. However, the encouraging news was that, the store managers are now being encouraged to work as a team and some results are now measured for the whole team instead of the individual stores.

The other expectation expressed by all directors as part of achieving the corporate goals, is for store managers to focus on customer satisfaction, be it in the form of customer service offered on the shop floor or on the checkout. There is also a lot of emphasis on making sure that the core, impulse and promotional products are made available to customers consistently throughout the trading period. Business processes have always been reviewed via the licence to trade audits and the store diary system. However, additional information has been made available to store managers showing the process measures for each store (other than legal and safety compliance processes). Most of these reports can be found on the stock management system or as attachment to emails. Continuous improvement is also encouraged, especially for store managers and their deputies, and teamwork is being encouraged within stores and store support centres.

One issue which has raised concerns is that of matching the store managers' capability with the type of the stores they are running. Problems with some of the newly opened stores reveal that a new store requires not only a competent manager but also one who is able to put in place a strategy to develop and maintain the operational capabilities to support the competitive objectives which traditional approaches to strategy do not do. The new stores have always a source of concern during the first weeks of opening; as the HOO rightly puts it,

***'if the budgets are wrong by a high margin it raises problems for whoever is running the store. If a low budget is allocated to a new store and it ends up over-achieving then there are logistical problems which the store manager has to deal with. On the other hand, if the budgets are too high for the store to achieve then it puts pressure on the store manager and his team as they are expected to try and achieve the sales budget until at a time when it is ascertained that the business is not viable or will not achieve the projected budget'.***

Within the same context the four directors were asked to comment on how store managers can relate to their colleagues when faced with the challenge of working in a store which persistently does not achieve its targets. There was a consensus that a good store manager should have the ability to persuade colleagues to believe that they can meet the organisation's expectations. This is done by encouraging them to work towards achieving the targets even if they may seem unattainable at that particular time. The directors stated that in some cases, unless the store manager motivates the colleagues to produce and sustain greater effort via the

mediation of self-efficacy, the store performance would continue to deteriorate. The argument was that the motivational influence of good leadership behaviours would produce a performance improvement spiral. Some of the store managers who participated in the interviews, on the other hand, felt that they were victimised for not producing the desired results even when the root cause was beyond their control and that it was only self-motivation that was sustaining them. These comments lead to the review of the actual performance system within JS.

## **7.2 PURPOSE OF PERFORMANCE REVIEW SYSTEM IN JS**

It is quite evident from the discussion above that the senior members of management depend on the store manager to deliver the results, conversely the store manager looks down to their team to help them deliver the results. Therefore, managers and colleagues must know what they need to do to perform their jobs successfully. This can be achieved through frequent performance reviews. In JS the colleague performance reviews (CPR) for junior staff and the performance development reviews (PDR) for the management team are done bi-annually. In addition, periodic reviews are done and feedback is given quite often on an informal basis. All store managers are aware that colleagues should receive information about how they are doing in as timely a fashion and as soon as possible but this does not happen in all stores.

More so, past performance review tools only measured either action or behaviour exclusively, however it was recognised that by measuring only behaviours or actions during the reviews, some colleagues were actually reviewed as outstanding when the company as a whole had been failing to meet its objectives. Having said that, the performance reviews have evolved in the last few years and are currently addressing 'behaviour' and 'scorecard results' both at the same time. Additionally, it has now been recognised (on paper only) that, in order for performance management to be effective in JS, colleague developmental needs should be evaluated and addressed too. During the research it was not quite clear whether this purpose was well understood at an operational level; in fact, some of the performance review forms checked (in the stores that completed them) did not follow the SMART objective setting. In three out of the six stores visited all the store managers complained about the quality of their colleagues, however it was discovered that the colleagues did not know what was expected of them because no clear targets were given to them and no on-going feedback was provided.



The company's expectation was that the process of carrying out the performance management review should have provided an excellent opportunity for managers and colleagues to identify developmental needs, which would then have led to stores having a competent work force. This was not the case as evidenced by training needs and skills deficiencies in most stores, especially the supervisor who potentially should be the future managers.

Additionally, the company's expectation was that performance reviews were to be used as on-going assessment tools. This entailed monitoring work, so that if deficiencies in performance become evident and they were addressed there and then. Furthermore, when areas which required improving good performance was identified, action should have been taken to help successful colleagues improve even further (by celebrating success) instead of waiting for the formal review. Following such a process would have meant that performance reviews were used as benchmarks to address colleagues' expectations in regard to their performance and career prospects. Conversely, the AHRM argued that the expectation of colleagues must be managed so that those that did not match the criteria of progression are made aware and if need be helped to work on their weaknesses. Consequently, the outcome of the above issues, are mirrored by the number of names that appeared on the 2009/2010 talent pipeline list.

Particularly, from the company's perspective, the intended purpose is that the annual performance reviews should describe the incremental progress made by the individuals towards achieving the general goals and objectives in the strategic review. What was noted during the research was that the way the reviews were conducted varied depending on who was conducting them, usually they were more specific and may have been more output-oriented, hence encompassed less of the general outcome goals found in the strategic plan. Equally, the senior managers' expectation is that the focus and emphasis of the purpose of performance reviews should not only be for individual output informing development or pay decisions, but also for individual contribution to organisational objectives through output, behaviour and capability. Typically leadership behaviours are now being regarded as the cornerstone of individual accountability in employee performance management.

Subsequently, performance management is now as much about driving engagement and collecting information and data to provide better insight into the drivers of performance as it is about providing information about individuals. Based on the above expectations, store

managers feedback was that there should be within JS some guidance for critical elements that will affect the performance rating as merely going by the colour of the scorecard can result in an unfair performance review outcome. This was a critical point as the rewarding system is anchored to the performance review outcome. Having said that the HRD did indicated that there was still a lot of work being done behind the scenes to try and improve the performance management system.

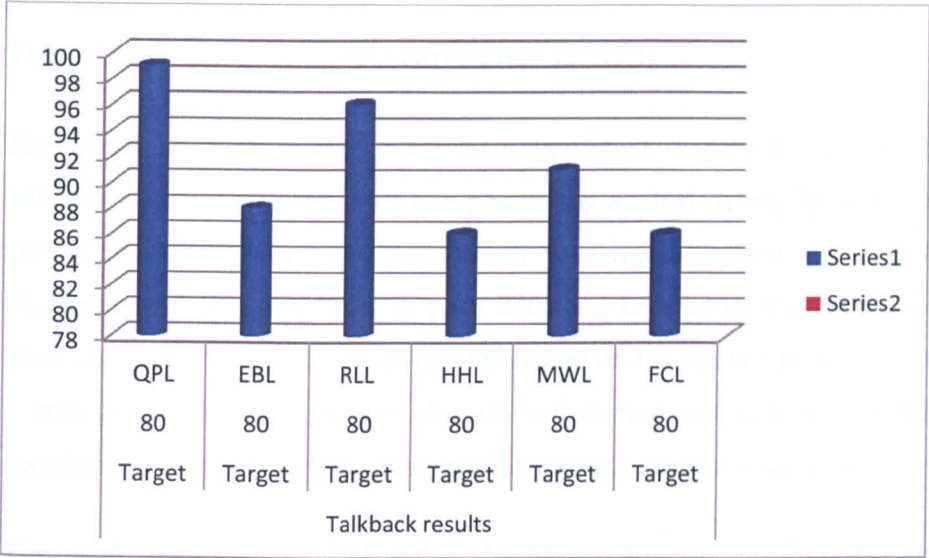
Furthermore, the rewarding system adopted by JS is meant to recognise employees, individually and as members of groups, for their performance and acknowledging their contributions to the company's goals. These rewards come in different ways, i.e. on the spot, annually or at JS management meetings. JS has invested a lot of money in the shining star (rewarding) scheme which is sometimes not fully utilised. Additionally, the SRMD reiterated by stating that recognition should be an on-going, natural part of day-to-day experience, acknowledging staff during huddle meetings or if a colleague is seen to have done something exceptional should be the manager's lifestyle. It was therefore emphasized by the senior management that good managers should not wait for their organisation to solicit nominations for formal awards before recognising good performance. It was also noted that, a lot of other actions that reward good performance, like saying 'thank you', don't require much effort or expense but is greatly appreciated by colleagues. As basic as it may sound, not every manager behaves in that way and therefore the talkback results do reflect some of these shortcomings.

### **7.2.2 STORE TALKBACK RESULTS**

The yearly talkback scores indicates that generally most colleagues are happy to work for JS, in particular the results shown below are for the six stores that were involved in the case studies. However the graph still shows a disparity in results with three stores having high scores whilst the others barely exceeded the target.

Store talkback results for 6 stores

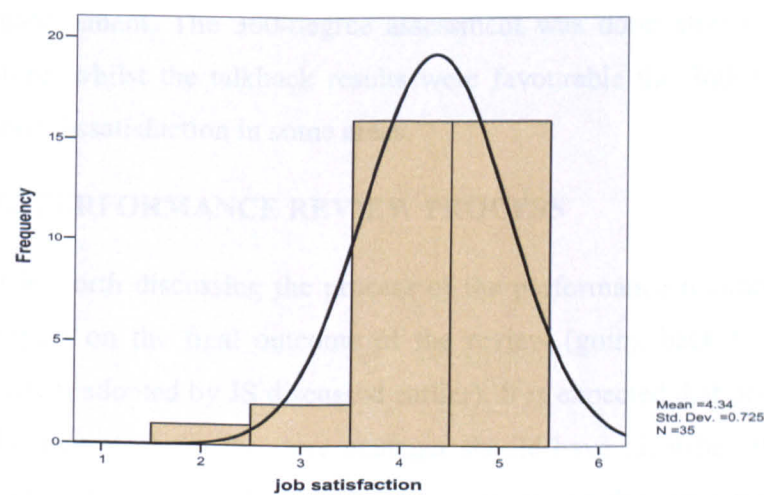
Graph 7.2.2a



Extract from the 2009/2010 JS scorecard

Surprising enough, the case studies revealed the exact opposite and most stores within the southern region did achieve the talkback audit targets. The case studies revealed that those colleagues who were told about how well their stores were performing and were empowered in their jobs were more satisfied with their jobs as they knew that there will get bonuses at the end of the financial year.

Job satisfaction normality test Graph 7.2.2b



The graph shows that 30 respondents are satisfied with their jobs with only 1 being exceedingly unsatisfied. However when job satisfaction is correlated to other measures it appears to be extremely low.

**Table 7.2.2 – Job Satisfaction correlation analysis**

The questions in the survey were also significant to performance reviews as well as the talkback results. By running the non-parametric analysis using Spearman’s rho and Kendall’s tau\_b correlation the results show that are variation. Spearman’s rho results are closer to the Pearson correlation (appendix 8, page 236) and bearing in mind that Pearson correlation is more accurate I will go by those results. Based on the above one would assumed that there is a negative correlation between the job satisfaction and achieving results in addition the correlation of everything else compared to job satisfaction is quite low.

The result could be twofold, either the participants are not huddled and do not have an effective colleague review system in place hence cannot relate their job to the achievement of results or it could be that the assumption that if colleagues are aware about their store results they are much happier is a wrong assumption. Some of the information from the case studies can confirm that the first supposition is the correct one.

To clarify the above further, there is an option in JS for managers to use multiple sources of feedback, which is sometimes called 360-degree assessment. One of the store managers from the stores sampled did actually use the 360-degree assessment to get feedback from his staff and his intention was to use the information for his personal development in regard to people management. The 360-degree assessment was done after talkback was conducted for the store, whilst the talkback results were favourable the 360-degree assessment did highlight staff dissatisfaction in some areas.

**7.3 PERFORMANCE REVIEW PROCESS**

It is worth discussing the process of the performance reviews within JS as this has a great impact on the final outcome of the review (going back to the performance management system adopted by JS discussed earlier). It is expected that prior to attending the review with the area manager, the store manager should have identified their development areas and be prepared to discuss them with the area team and the same process is expected to be adopted

by colleagues (the latter is not happening in most stores). Additionally, the culture in the past has been that the area HR manager provides guidance in terms of which courses are suitable and also encourages the store managers to buddy with other store managers who are performing well. However, the warning bells that have been ringing through the area team are that the company is now seeking:

- action-oriented managers
- team builders, whether it is within their store or within their area
- leaders

Area 64 HRM alluded to the organisational change as follows:

*There has been a drastic change and some managers have not yet awakened themselves to embrace the change of becoming more proficient in self-development.*

Within the context of formal performance review requirements, rating of a colleague/managers is done against the elements and standards in the colleague's performance review form or pen sketch rating sheet. A key point is that it needs to be based on work performed during an entire performance review period. The rating of performance management review form should have a bearing on the store performance, so as to enable decisions to be made regarding within-grade pay increases and also the annual bonus. For anyone who has changed role or store the calculation of the bonus is done on a pro-rotas basis. This was a source of concern as store managers who have done well in one store and have been moved half way through the financial year to fix problems in another store which is underperforming have lost out on their scorecard bonuses

### **7.3.2 LEADERSHIP BEHAVIOUR VS SCORECARD RESULTS**

Having said that, the current PDR form is based on leadership behaviours as the main prefix, with the scorecard results being linked to them based on the store manager's judgement. The leadership behaviours are derived for the store manager's wheel and are quite explicit. The trouble arises in the interpretation and association of behaviours to the scorecard results. Prior to attending the PDR meeting the store manager is expected to link the scorecard results to the leadership behaviours with their justification. Therefore there is always a variance amongst store manager and area managers in regard to relating the KPIs to the individual

behaviour therefore the whole process has become subjective. Additionally, the performance review form has different categories on it, which illustrates to colleagues what they doing are well. This is supposed to be personalised, with the general areas being related to what the store has achieved, i.e. MCM, MAC, LTT etc., and how much the colleagues had contributed to the store results whichever way they were targeted. This is more effective than simply saying “you're doing a good job”. Particularly, there are three main ratings for the overall result in JS namely; underachieving, achieving and high (for high flyers); most of the staff, whether managers or junior staff, are classified as achievers. It was noted by the HRD that some colleagues are classified as achievers even if they are underperforming because whoever is conducting the performance review tries to avoid the awkwardness that arises when dealing with underperformers. In addition, colleagues who perform uncommon jobs receive generic feedback on their CPRs too.

One thing which was evident during the research was that the reviews was based on the scorecard results for manager and whoever has more green colours (achieved targets) on the store scorecard was more likely to be classified as achieving or if there are even more greens then most other than the manager would be classified as a high flyer. Unfortunately for those with more red colours on their scorecard, if they have been in that store for most of the financial year, they will be classified as under-achieving regardless of the issues that may have affected the store on a day to day basis (unless it amounts to store closure over a period of time). Having said that the HRD emphasised the importance of having a workforce that looks forward to coming to work and enjoys being at work; however, she was still mindful that until managers stop talking about the colours of the scorecard and look instead at the trends, making JS a great place to work may be impeded in some stores.

### **7.3.3 BENCHMARKING AS A REVIEW TOOL**

On another note, benchmarking store with similar budget was often used as part of the review discussion and there are quite a number of KPIs which have a corporate benchmark; LTT-green/red, MAC-96.5% and MCM-80% etc. However, when a store is underperforming the temptation is always to benchmark that store with another store that is taking the same amount of money but which is perceived to be performing better. The argument is that internal benchmarking does not identify the reasons for the good or poor performance of the stores, as the process does not compare the processes directly. Although benchmarking is

used quite often it may be construed to add little value to a performance review discussions as all stores have different characteristics which may work for or against their overall performance and the way the store managers' priorities their implementation of strategies. When asked to comment, the SRMD remarked as follows:

***I would, I never ask stores to benchmark, I would rather go for trending. What I would ask the store managers to benchmark the stores against is their competition. Is it fair to bench a store up North which is doing the same amount as a store in the south £35k, it depends on location. I would rather benchmark against a competition to drive performance, but to understand where you are is equally important. It is better to benchmark against someone who is down the road because there are in a similar demographic area and have similar trade pattern***

Despite these remarks internal benchmarking took more prominence than external benchmarking within the store clusters. Additionally, the caveat of benchmarking is that if the region or area as a whole is underperforming, there will be no incentive added to the stores and it also creates indifference as everyone accepts the unacceptable. In order to avoid falling into the trap of mediocrity, stores should look more at trends as indicated by the SRMD.

#### **7.3.4 MONITORING PERFORMANCE THROUGH EFFECTIVE FEEDBACK**

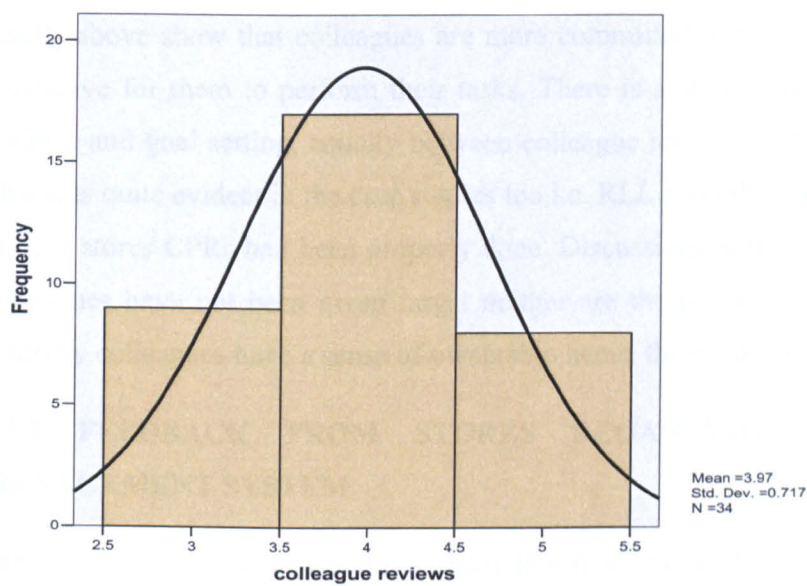
The aim of JS is that feedback should be given in a manner that will best help improve performance. The values and the leadership behaviours which the company expects the managers to adopt are clear; however, there is still some obstacles that should be overcome as they are deeply rooted in the JS culture of the past management regime. The disparity was evident during the case studies, as well as just by listening to the feedback given during conference calls and meetings. There are still some development needs for some members of management. Having said that, the current system is that the individual managers' performance review is done on quarterly basis, in addition on-going feedback for periodic results is also provided during the managers' meetings. On the other hand, colleague performance reviews are done half yearly and in most cases on going feedback is very poor as there seems to be no formal system in place.

Conversely, some store managers stated that there is need for culture change and for the management team to be aware that some, if not all, colleagues respond better to information presented in a positive way. This is not to say that information should be sugar-coated.

Further discussions with some store managers revealed that the feedback via CPR does not portray what the company intends it to be used for, instead it's more of a paper filling exercise. It was alluded by one store manager that, there were times when senior members of management have failed to understand why a store manager or colleague continues to underperform even after being given feedback, this is because constant criticism eventually gets ignored. Unsurprisingly, even during the research it was evident that there were some managers whose feedback was valuable and ones that were regarded as constantly nagging and not worth focusing on.

Furthermore the survey findings do tie up with the discussion above.

**Colleague review normality test Graph 7.3.4**



The results were a mixed bag to reflect what is happening in stores in regard to the quality/standards of CPRs and also the expectations of the colleagues. A correlation analysis was also carried out as show below;

**Table 7.3.4 Kendall's and Spearman's correlation –colleague performance review**



Correlations

			commitment	goal setting	colleague reviews	work environment
Spearman's rho	commitment	Correlation Coefficient	1.000	.350*	.419*	.300
		Sig. (2-tailed)	.	.050	.015	.090
		N	34	32	33	33
	goal setting	Correlation Coefficient	.350*	1.000	.442*	.169
		Sig. (2-tailed)	.050	.	.011	.355
		N	32	33	32	32
	colleague reviews	Correlation Coefficient	.419*	.442*	1.000	.252
		Sig. (2-tailed)	.015	.011	.	.157
		N	33	32	34	33
	work environment	Correlation Coefficient	.300	.169	.252	1.000
		Sig. (2-tailed)	.090	.355	.157	.
		N	33	32	33	34

\*. Correlation is significant at the 0.05 level (2-tailed).

Spearman's rho results are closer to the Pearson correlation (appendix 9 page 236) and bearing in mind that Pearson correlation is more accurate I will go by those results. The results above show that colleagues are more committed to their work if the environment is conducive for them to perform their tasks. There is a strong correlation between colleague reviews and goal setting, equally between colleague reviews and gaining their commitment. This was quite evident in the case studies too i.e. RLL and QPL had high talkback results and in both stores CPRs had been properly done. Discussions with other managers revealed that colleagues have not been given target neither are the performance reviews done in a way whereby colleagues have a sense of ownership hence the results above.

### 7.3.5 FEEDBACK FROM STORES REGARDING THE PERFORMANCE MANAGEMENT SYSTEM

Furthermore, in most of the stores visited and, from the feedback from the area personnel, it gave an impression that the pressure created by the area HR audits may be the reason the colleague performance reviews (CPRs) are completed, not because the performance review is thought to be an important feedback tool and a way of agreeing targets with the staff. The CPRs are done more for formality so that the store gets a green HR audit and also that it is did arise as a behaviour concern during the annual review if they were done. Some managers expressed their dissatisfaction about the way the meetings are held when one fails to meet the targets; the message does not come across as "I may be able to help an employee improve his or her performance". They went on to say "performance reviews are not used as a development tool as often as hauling someone into the office and chewing them out". Rarely are shining stars given by the area team to colleagues within the store or even huddles by JS visitors to congratulate them for something they may have achieved during the financial year.

Additionally, the significance of not appreciating the benefit of the performance review in JS has led to a philosophy of 'what gets measured gets done', with the team probably focusing on how they can pass MCM and MAC and ignoring the reasons behind the numbers. The sentiments echoed by the all the directors interviewed were that within some stores there seems to be more emphasis on achieving the numbers/green colour for bonus purposes rather making Sainsbury's a great place to shop. As a result, JS need to anticipate the behavioural and unintended consequences of measuring performance. It is important, especially now, that managers and employees trust that the measurement system is beneficial to them and the organisation; otherwise, the temptation to game the numbers to avoid disciplinary action will overwhelm them. This has been evident in some stores whereby they achieved a green scorecard but the retail total loss process measure reports showed serious lapses in compliance to procedures.

The concern that was raised was how the leadership team ensures that the colleagues and the managers are well trained in regard to performance management. It was observed that some colleagues who were still working for the company should have been laid off a long time ago if their poor performance had been tackled much earlier. The fact is that performance management is a key leadership skill that will set a good manager apart as a great people leader. The HRM did indicate that good leaders would identify and quickly action poor colleague performance.

However, JS policies and procedures to deal with poor performance can be long-winded and tedious. Observation revealed some stores had let poor performance linger for a while and as a result were now paying the price. It was also observed that the new setup of some stores, i.e. where there is no duty manager, has meant they have fallen into the trap of not dealing with poor performance promptly.

Having said the above, the idea of performance reviews is a good one as it is considered as a chance to review, assess, debrief and generally develop the skills and confidence of the person being appraised. Sadly it often doesn't work that way as the quality of some colleagues' performance review forms reviewed revealed that the completion of the form was all about procedures and not about the colleague involved. In fact, the quality of most appraisals reviewed seemed like the process had been turned into a 'tick the box' exercises that caused a great deal of anxiety on both 'sides', and once the review was completed (as one area manager indicated), the forms were not looked at again till the next time – in six

months or a year. Unfortunately this was a reality in more than 50% of the six stores where the research study was conducted.

It was also noted during the research that difficult feedback was often postponed, sugar-coated or presented in such a way that the reviewed person walked out feeling disgruntled and unappreciated for effort put into other areas. To put this into perception, there are 11 KPIs that are considered during the performance review, therefore failing a few can make the reviewed colleague walk out feeling that their effort in the other KPIs was not appreciated, depending on how the message came across from the reviewer.

On a different note, the outcome of the JS managers' performance development review (PDR) is bonus linked. The intention of it was that the bonuses would drive good leadership behaviours; however, it may mean delivering the numbers (achieving targets). The bonus may drive negative behaviour whereby there is no consideration of how the KPIs impact on the customer service this was evident in some stores. The RMD and the HRD stated that colleagues/managers should be happy to achieve targets not because of the bonus link but because it shows that good service has been offered to the customers.

The findings of the case studies are almost similar in regard to training, development and career progression. Similarly some managers did not invest the time required for colleague development and career progression. According to the findings, only 1 in 5 employees say their line manager regularly coached them to help improve their performance. And just 4 in 10 workers felt their manager plays an active role in their career development. It was evident and was confirmed by the two directors that, in a world of competing priorities and a limited gold pot, managers felt compelled to focus on activities with a short-term return and colleague development was put on the back burner as its effect on results was assumed to be less immediate.

As this problem does not just affect the six stores which were part of the research, JS leaders need to realise that a relatively small investment in employee development can yield a huge return on investment in the future. This is an area that should be treated as a strategic priority as there was evidence in some cases that stores that performed badly in almost every KPI had less trained staff.

# **CHAPTER 8**

## **LIMITATIONS AND CONCLUSION**

### **8.1 SUMMATION OF THE THESIS**

The purpose of the study was to outline the main factors that have an effect on performance management with a view of making recommendation which can be used to enhance performance. What was gathered through the research from the corporate of view was that it is vital that the corporate goals are achieved at store level. The emphasis was on each store having a revolving 100 days plan which was based on the corporate strategies cascaded by the SRMD. The idea behind this was for everyone to works towards the same goals with a view of enhancing performance. It was emphasized that the planning process will help the store managers and colleagues to understand the goals of the organisation. This entailed the manager standing back so as to identify what needed to be done, why it was important to do it, and how well it needed to be done. This concept is still in its infancy and there is still a lot to be done at an operational level.

It was also interesting to note the comments from senior management as the normally goes round visiting different stores in different parts of the country. They also focus a lot on the poor performing stores in order to review their viability in the long run. During the interview some of the points that were discussed are in line with the summary below:

Drivers of Poor Employee Performance
<b>Skill or Knowledge Gap</b>  Colleagues do not know: <ul style="list-style-type: none"><li>• What to do (expectations are not clear/no target);</li><li>• how to do it; (lack of role training) or</li><li>• When to do it (store plan).</li></ul>
<b>Leadership Gap</b> <ul style="list-style-type: none"><li>• Lack of or inconsistent feedback;</li><li>• Lack of varied incentives for performing as required (reward and recognition); or</li><li>• Lack of consequences for poor performance.</li></ul>
<b>Task Gap</b>  The management team have: <ul style="list-style-type: none"><li>• Inadequate resources to do the job;</li><li>• no authority to make decisions regarding product range and sometimes even the stock ordering forecast</li><li>• no planning skills (time management)</li></ul>

*Ideas sourced from the personnel management handbook*

It was surprising to learn that all the directors interviewed believed that the leadership style that a manager possessed was expected to affect the self-efficacy of colleagues and therefore their performance too. The expectation was that store managers needed to change their mind-set from being managers to being leaders. This will require a culture change as the difference is not yet evident at an operational level. Particularly, this concept is important for the managers in stores which are not achieving their budget as they need to formulate store action plans which will take their colleagues to places they would not want to go on their own, hence achieve results they would not have envisaged to achieve. The emphasis by the SRMD regarding consistent performance was that JS needed to have the right people in the right

place, who clearly understood what was expected of them, who had the right skills and the right resources.

It is strongly believed that if a store is not performing well, this is mainly due to the kind of leader the store has. Some directors, if not all, believe that there is a correlation between a store's performance and the store manager's capabilities and core competencies. Significantly, most of the high performance models, (HPM, HPWO, HPWP, HPWS etc.) associate high performance with colleagues who are well trained, empowered and have the capability to perform their duties.

It was suggested that due to the fact that competencies are of critical importance, for running stores, it was vital to ensure that future managers (supervisors) acquired them at early state of their careers. Therefore being proactive about helping these future managers to develop the skills early in their careers will help build a strong pipeline of managers who are prepared to make the transition to the next levels of management and take on additional responsibility. Evidently, during the research it was noted that there were some managers who had promoted before they developed the necessary competencies required to manage a store. The argument was that with tight labour budget allocations, some stores do struggle to implement any development plans for their colleagues and as a consequence achieving good performance is impeded. Having said that, there are other stores which continue to thrive because of their location and staff competency does not come into play.

Notwithstanding, the expectations of the directors were still that managers manage effectively and that they ensure the colleagues they manage especially the ones running the store:

- know and understand what is expected of them
- have the skills and abilities to deliver on these expectations
- are supported by the store managers to develop the competency to meet these expectations
- are given feedback on their performance
- Have the opportunity to discuss and contribute to individual and team aims and objectives.

Contrarily to the above at operational level, store managers felt that there were issues with the learning and development system in convenience. Generally, stores managers felt that the significance of a well-planned training programme for colleagues (especially supervisors) and having well-structured developmental opportunities would encourage good performance, up-skills and increase level of competencies for the colleagues.

Furthermore, the case studies and secondary data from the desktop research revealed that there were obstacles faced by convenience stores in this area. It is worth noting that there were store managers who had always strived to achieve the above. Unfortunately, the expectations of the directors may not always work out as expected for the convenience format because of the structures and the workload. It was also noted that the store managers for the lower taking stores have even more challenges in this regard. Therefore, it is now up to the area manager to provide on-the-job support for developing the required competencies, (e.g. helping store managers enhance their ability to coach, set goals, provide feedback, and create development plans for them) as this is also important, and also to coach managers to adopt positive behaviours.

Additionally, what has not helped is also the change to the internal auditing systems too. In the past years, licence to trade auditors did check the training records in detail, i.e. from the time a member of staff was inducted to date; however the new internal audit system has now been narrowed down to that which will make the store legal and safe for colleagues to carry out trade which is not as much as before. Therefore, the absence of having a detailed training and development auditing tool in the convenience stores has encouraged a mind-set of short-termism. With so many new stores opening and the performance records which show staff as average performers, it had been noted that in the last few months it has been preferable to recruit 'oven ready' employees than incur costs through developing the existing ones.

In addition the performance reviews was also subject to propositions. The trouble with JS' one-size-fits-all performance review form, (especially for the junior colleagues), is that some colleagues do not get any benefit out of the performance review as most. Although it can be argued that the measurement should not be the object to be blamed but the measurement should be able to tell whether an organisation/SBU is improving or not, concerns were raised during the research interviews.

The AHRM who audits all stores in the A64 and has worked in different areas before did indicate that completion varies from very good CPRs to ones which do not comply with the CPR procedures. This means the problems associated with completion of CPRs and PDRs forms is not just exclusive to A64 and therefore the research conclusion can be generalised. Having said that, the case studies revealed that in some stores the reviews were well planned and colleagues benefited from the system, whilst in others the observations show that not much emphasis was attached to the reviews. The latter was more evident in low taking stores where the labour cuts are felt the most.

Additionally, it was also evident that there was a misconception about the importance of the performance review system within some stores. Some managers turn to think that it was a process of following regulatory requirements to appraise and rate the performance of the colleagues and this was evident in some of the stores where the research study was carried out. The area of development which is needed in almost every store reviewed was in knowing that the assigning ratings of record is only one part of the overall process (and perhaps the least important part), the other part involved the systematic processes of:

- **Planning** work and setting expectations; the area manager and the RMD have continually reminded store managers on this subject matter. In fact the Area 64 HRM stated that poor planning has lead so many store managers into reacting to situations rather than being proactive
- continually **monitoring** performance, which meant a change from the current mind set whereby the completed CPRs are rarely referred to until the next one is due;
- **developing** the capacity to perform which in some stores is non-existence, the AHRM actually confirmed they have in recent time cancelled courses due to lack of interest within stores;
- **Rewarding** good performance by giving colleagues a shining star or a paid day off.

Subsequently, what is happening right now in most stores is that colleagues know the store performance rather than their individual performance.

Additionally, there are a lot of projects that are run within head office by different departments and these projects are expected to be implemented by the stores. Some of these

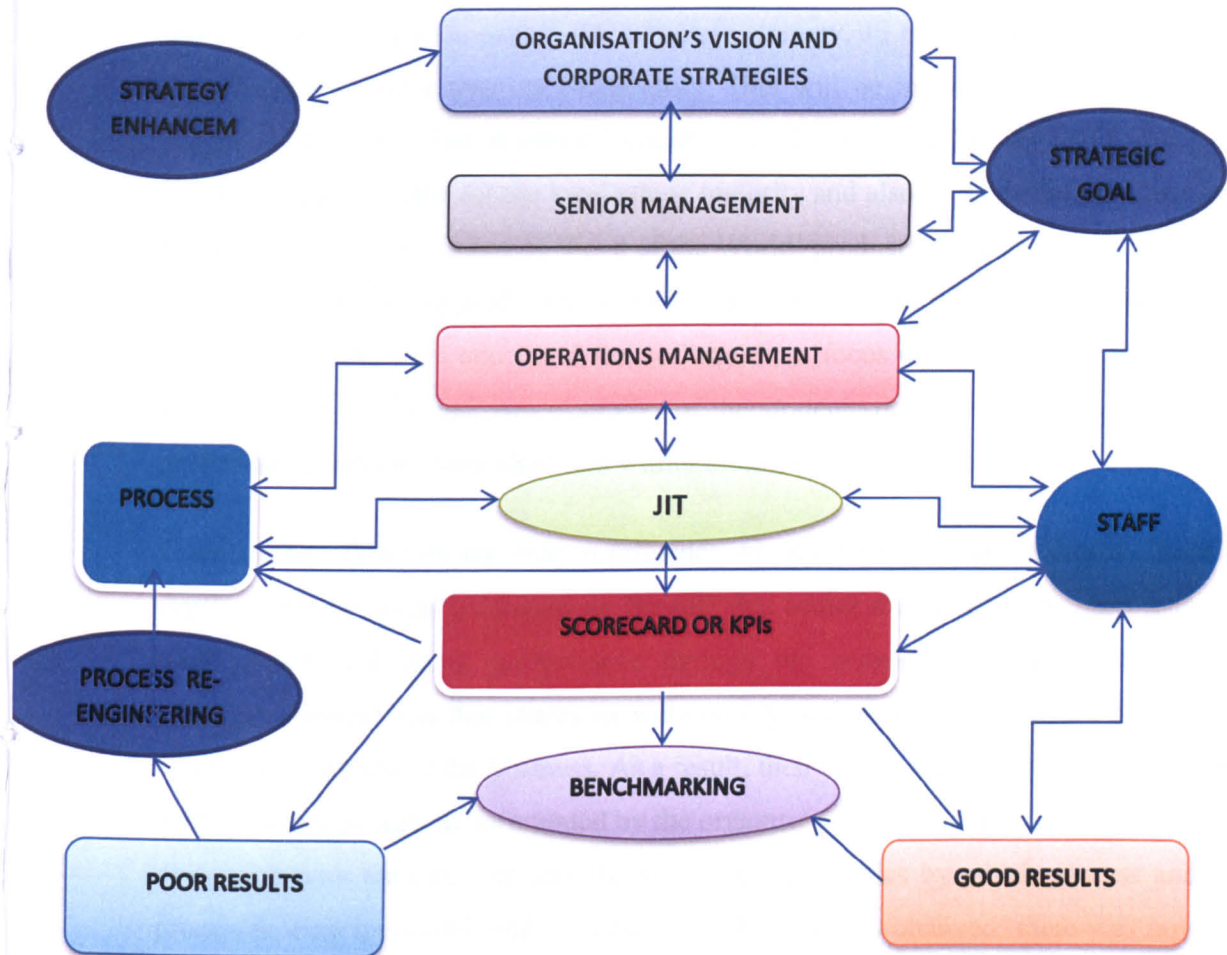


projects are affiliated to the corporate strategies which mean failure is not an option. There have been times in the recent past when stores were expected to launch two major projects simultaneously therefore draining/diverting the limited resources; this was noted to have had adverse impacts on the lower taking stores' performance as they struggled to keep up with their day-to-day routine, as well as implement new strategies that are launched.

## 8.2 SUMMARY OF FINDING BASED ON THE CSPM MODEL

The CSPM model may appear complex however in reality using the model to appraise performance is expedient and achievable. To put this into perspective a summary of the findings will be presented based on the model.

**Fig. 8.2 Convenience Store Performance Management Model (CSPM)**



Extract from the study

From the corporate point of view, JS has the strategic capability to be a successful business, discussions in chapter 6 proves so. The viable strategic planning, policies and processes have made the company to be successful even during the time economic recession. From the business strategic point of view all six stores are classified as neighbourhood stores even if some are closer to a busy tube stations and/or in an affluent area (QPL and EBL). Moreso, the

trading performance for QPL and EBL do get affected if there is a disruption to the railway network. On the other hand, MWL and FCL are strategically positioned in an affluent area with very little competition. As expected most stores near a tube stations and in affluent areas turn to have an inelastic demand for their products.

Generally, most of the stores do have competitors; some have more competitors than the others. Subsequently, as part of the corporate strategy, JS ensures that each store acquires a superior performance over its competitors. This will be in the form of range of products and/or store layout. For instance Iceland opened opposite RLL, an additional range was included which catered for the local ethnic majority and also created a competitive advantage for the store. This was a bay of 'Food of the World' products specifically from Asia. Equally, as a way of enhancing performance, QPL had self-scan checkouts which helped reduce the customer waiting time and freed the colleagues to focus on other things like replenishing stock. The above are just two examples of the strategic decisions that are made to enhance performance and can be identified within minutes of entering the store.

Considerably, directors are able to influence whatever happens in the stores. Therefore, in-depth interviews were conducted on the role that senior managers, operations managers and staff play in enhancing performance through the organisation's specified processes. A common problem was that strategies were poorly understood by managers at various levels and in various parts of the business. As a result, their efforts were neither cohesive nor in line with the strategic agenda formulated by the organisation's executives. However, at the time of discussion with the directors and the area team the metrics by which success and strategic processes were measured, and communicated had slightly changed; there was now less talk about the colour of the KPIs on the scorecard and more about trends. The senior management's main focus and concern was in regard to leadership capability and management styles adopted by the store managers. The comments in store 'Safe and Legal' diary revealed the perception of the senior management in regard to each store.

The discussion with the senior revealed that the process behind the strategic thinking does reflect the fact that organisation and store capability has been taken into account. Hence, Operation Management does play a crucial role in the success of the store. Labour and competence matching is very critical as having the wrong colleagues on the wrong shifts or

having few colleagues during peak hours can affect the results as was seen in HLL and EBL. Both stores saved on labour and failed on MCM as there were few colleagues to attend to the customers. The store management did not seem to attach much importance to the cascading and implementing of the 'corporate strategies', for instance 100 day plans (which emanate from the corporate plan) were prepared more for compliance than application. There was no connection or recognition that even the best designed strategic planning system can fail to produce the desired results if there is breakdown in communication.

Additionally, the state of the warehouse and shop floor shaded light on the stock management processes, (JIT) and how well any changes to the store processes (BPR) have been implemented. The warehouses for QPL, MWL and FCL excessively full however, the advantage to this state of affairs was that all the three stores achieved sales and MAC. The dilemma with this was that it affected the shrinkage results as products were not being properly accounted for and Focus on Availability processes were not robust enough. A tour around the shop floor, back office and staff room of FCL, EBL and QPL, also revealed a breakdown in processes which made the stores non-compliant to 'safe and legal' way of working, therefore making it more unlikely for that stores to pass its LTT audit.

Furthermore, by conducting colleague observation during the case study, a lot was picked up in regard to staff motivation, empowerment and attitudes towards work. 5 out the 6 stores revealed highly motivated teams which was consistent with the talkback results. Considerably, by conducting a huddle with the staff, one could ascertain the competence level, capability and their commitment to their roles.

Significantly, the fact that convenience stores, have 11 KPIs can be overwhelming and if it so happens that a store fails to achieve targets in a few, the consequences can sometimes be severe. Equally, the discussions with the store managers highlighted the fact that it was demotivating for a store manager who has worked tirelessly to improve some KPIs and may be faced with a possibility of the results reversing with good turn bad and the bad turning good.

The benchmark for MCM (80%) and MAC (96.5%) are set corporately which means all convenience stores regardless of staff complement and location needed to attain the same results. The MCM benchmark made stores like RLL and HLL more vulnerable because they are more likely to have drastic results based on queuing time whenever they had two to three

colleagues on the shift. It is therefore imperative to benchmark like for like or better still review the performance trends as earlier suggested.

Nonetheless, the scorecard is still the main measure of success in JS despite the fact that it has no provision for identifying underlying causes of good or bad performance.

### **8.3 PERFORMANCE REVIEW BASED ON THE CSPM MODEL**

Particularly to put the CSPM model into an individual store's perspective, the reviewer would consider the following;

- Corporate level- classification of the store, range of products sold in store and implementation of strategies
- Strategic enhancement - are there any self-scan checkout in-store or exclusive additional product range
- Senior management - how do they perceive the store; what are the comments in the safe and legal diary
- Operations Management – competencies, capability and leadership behaviours
- Processes – compliance to legal and safety procedures
- JIT – stock management processes including availability of products
- Staff- talkback results, learning and development agenda, reward system in place and CPR completion
- Scorecard- what has been the trend of the results on a period to period basis and the underlying causes
- Benchmark- how well is the store doing against its competitors or other corporate benchmarks
- BPR- if need be, what needs to be done differently

Consequently, by using the new model the performance appraisal will reward in a fair and consistent way. Hence, celebrating success where it is due and finding correct solutions for problematic stores.

### **8.4 PROPOSITIONS TO JS SENIOR MANAGEMENT**

A structured feedback which is done on regularly basis should be introduced for junior members of staff. The advantage of reviewing performance regularly is that managers will

spend less than a quarter of the time doing them as compared to the time they would have for an annual review. Subsequently, when the annual review is done they can just review only the recent past which all parties are likely to remember. Adopting such a system may help the colleagues to see their progress which would motivate them to reach their performance goals successfully. At the management level, the PDR form should have the scorecard KPIs as prefix, so that the store managers can associate which leadership behaviour they adopted to achieve the results, rather than the current system which has interpretation disparities.

Bearing in mind that JS has a one-size-fits-all review form for colleagues, it is imperative that the managers are given autonomy to use their judgement when doing performance reviews so that their discussions with colleagues will encourage them to develop rather than be remorse. Similarly area managers should be made aware that a store manager is not a poor performer if they do not meet all of the expectations, mitigating factors should be taken into account. Especially, if they are meeting or exceeding most and falling short on a few then they can be considered as a good performer with some development needs. This is very important consideration especially for store managers in view of the number of KPIs that they need to achieve to qualify to be considered as a good performer. The alternative recommendation would be to reduce the number of KPIs from 11 to the 5 main ones (sales, profit, mystery customer measure, MAC and training). The remaining are all auxiliary to the 5, therefore store managers only need to manage them in order to achieve the main '5'. The fewer the KPIs the more objective the classification of performance becomes during the performance reviews and the more focused the store managers will be in their own stores.

Additionally, some of the ideas discussed with the senior team seemed very good however, when the cases study was being conducted it was noticed that the lower taking stores who have lower labour budgets were struggling to accomplish tasks to the same standards as those with higher labour budgets and more people in the building. In addition it was noted that in convenience stores there seem to be little provision made for developing the skills and competencies required from the colleagues, especially the customer service assistants who are expected to multi-task. No provision is made for instituting the appropriate organisational systems for the selection, motivation and reward of staff in accordance with the strategy. There has been little attempt to analyse the culture of the organisation and identify aspects which would be barriers and facilitators to change and manage change accordingly.

Finally, the important findings of this research was that there are some stores which regardless of the experience, capability and competence of the one running them the scorecard results will at most times be green (making it a high performing store). Such stores are found in areas with affluent residents or on near a busy tube station. The reason for the success is that most of the variable costs are a percentage of the sales therefore if the sales go up so will the budget for costs. On the other hand a store which has been opened in a wrong location (very low footfall or less affluent area) will require a competent team to mitigate the losses but may never get round to trading profitable or being classified as a high performing store. In such a case there is so much pressure on the store team as generally they will be classified as under-achievers (low performers) even if the situation is beyond their control because of the poor performance of the store. The recommendation is that addition consideration should be taken if the store manager is working relentless to turnaround a store which has internal as well as external environmental challenges that the company is aware of. This does imply that the company is not aware of the challenges that are out there as it was highlighted by the different directors, more so emphasized by the HOO as follows;

***When a wrong investment decision (i.e. the store has been opened in wrong location) has been made you can try to trade for a while to see if the business will turn around, if not, you can sell it off and relocate the staff as you cannot physically relocate the store.***

The recommendation for the above is that performance reviewers of store managers and the colleagues should take into account the mitigating factors during the waiting period before classifying anyone incompetent. In fact one store which was on the top of the agenda for poor performing has only been open for 15 months and already had 7 different managers (with varied skill set and competence) assigned to revamp trade but have achieved limited success.

## **8.4 CONCLUSION**

Conversely, all levels of management should be aware of what construes a non-critical element and that they cannot be used as the basis for a performance-based adverse action, such as a demotion or removal. Only critical elements may be used that way. Moreover, if colleagues fail on a non-critical element, the employee's performance cannot be summarised as *Unacceptable or poor* overall based on that failure. Though this issue has now been addressed in regard to the licence to trade audit, it does not seem to arise when a performance review is being carried out. Particularly, this rule makes sense when you are dealing with

legal and health and safety matters because if there is a severe lapse in the policy or processes that outcome will be disastrous for the store, customers and the staff. However, this may not justify why some store managers have been penalised for an action of their subordinate even if the event occurred when they were on holiday or having a day off. An example given is where there was an intention to penalise a store manager for failing to follow through actions raised in an audit report. In such an instance sound judgement should have been made by the reviewer. The HRD's comments to this were that:

***The company should give leeway to the reviewer to make sound judgement during the performance review rather than restrict themselves to the colours on the scorecard.***

Conversely, structure and environmental changes should not be ignored as such changes will influence performance indicators and the feasibility of the KPI will also depend on whether the store has the ability to support the improvements. To put this into context, the labour budget cuts that have been imposed mean there are more stores with only one manager instead of two, therefore the workload has now been redistributed: 40% to supervisors and 60% to store managers. Out of the six stores where the case study was done, three fell in the above category with two more due to move into that category soon. The observation is that most of the new stores that are being opened will fall in this category. The question that is now being raised is the capability of the supervisor to take up management roles without them being coached for roles so that they too can have the necessary leadership and management skills. Additionally, the impact this will have on the performance of that particular store as compared to other stores with two or three managers.

Additionally, it is important to note that not all measurement data considered by senior management is regarded at an operation level as being useful measurement data and, as such, need not be embodied in formal performance reports, so as to accommodate the changes in the store managers' roles.

Lastly, the revelation was such that the current performance review system is still a performance appraisal system rather a performance management system. Therefore the proposition to the HRD is that she should involve employees (in the same manner as JK) in the development of the elements and standards included in the performance review as this is an excellent way to clarify expectations.



It can therefore be concluded that performance management within the convenience business should be reviewed from a broader perspective than just the human resource perspective only. Therefore, for a convenience store to perform well it needs to be in the right location, with the right product range and logistic arrangements and also should have the right staff complement who also have the capability to run the business. Conversely, reviewing all the above collectively rather than in isolation would help to highlight why some stores perform better than other and how one can help those store managers who are perceived as under-achievers, and yet they have been placed in a challenging store.

## **8.5 LIMITATION**

The research outcomes was done in such a way as to be subject to further investigation and theory building if need be. All retailers have their own intrinsic traits which may affect performance in one way or the other, therefore if in future researchers make an observation which does not fit with the proposition or decide to choose a wider selection of stores for the case study or even if they decide to use a different methodology that will also be acceptable.

# **CHAPTER 9**

## **RESEARCH STUDY REFLECTION**

### **9.1 REFLECTIVE REMARKS**

My reflection has been structured in line with Johns (1995) definition of reflection which states that 'reflection is being mindful of self, either within or after the experience, as if a window through which the practitioner can view and focus self within the context of a particular experience, in order to confront, understand and move toward practice'. As such, my DBA research has been a scholastic journey.

### **9.2 TAUGHT PHASE**

According to the Student handbook, DBA is designed to enable a significant contribution towards the enhancement of professional practice in the business area through the application and development of a framework which is relevant to the world of management. Therefore, the taught part of the DBA programme adequately prepared me for what needed to be done when I started the actual research. I initially found the philosophical underpinnings of research module a bit daunting as I thought I could never relate it to practice. The more I read the more confident I became, conversely my first choice was the deductive approach which I thought I understood better, based on my personality as I am always testing things around me to see how effective they are. However, when I constructed the research question I realised that it would be better answered by using an inductive approach. Then came, the decision to choose the research approach, with all the favourable arguments in support of quantitative research it was tempting to go for that but again I had to refrain from doing so. I knew that it was imperative that whatever research approach I chose, should be one which would give the in-depth explanation and also the knowledge that I needed to acquire about the convenience business. I should say exposure to different philosophical views approaches and research design as well strategies has broadened my school of thoughts.

### **9.3 RESEARCH PROPOSAL**

After the taught phase we were requested to submit the research proposal. My aim of conducting the research at a doctorate level was to select a topic which is not widely discussed. The objective was to research the topic widely, acquire the theoretical understanding and then write about it, where need be make remedial suggestions to JS.

Therefore I started my journey by searching for information on retail business; supermarkets to be specific. My initial thought was to write on organic food as that was the latest topic being widely discussed at my work place, however within a few months I changed my mind as there seemed to be a lot of people who were currently conducting one kind of research or the other on the same topic.

Prior to my studies and during the first year of my DBA I was working in different stores, therefore meeting different store managers and also attending a lot of management meetings, I soon realised that as JS had just embarked on organisational change as well as organisational development programmes which they hoping would revamp their business, it would be worthwhile doing a research on their current performance system. The topic proved to be extremely wide, therefore based on the knowledge I had acquired from the taught lessons, it was imperative to narrow down the topic for it to be researchable bearing in mind the time constraint. I then picked on the convenience business which was a new concept within JS and there were a lot of trials taking place in terms of processes and store set up.

#### **9.4 LITERATURE REVIEW**

The literature review phase was quite intensive, because I had to read a lot journals and books where the concept of performance management was reviewed and analysed. Additionally I had to review and analyse information on business performance and measures as the performance of the staff/store manager is measured against the performance of the store. Soon afterwards I realised that not much has been written on performance management which directly relate to small (convenience) supermarkets. Subsequently, my goal changed from just acquiring theoretical knowledge and merely adding another theory to the existing ones, to actually been able to apply the knowledge acquired to make informed decisions within the business.

#### **9.5 METHODOLOGY**

After contemplating and reviewing different research designs/strategies I perceived that multiply case study strategy was the best way of understanding how different stores operate in their environment. It was great fun going round the different stores reviewing information, talking to colleagues, looking at different artefacts and understanding the customer profiles. Additionally, I decided to conduct in-depth interviews with the senior management and

questionnaires were sent to junior staff in order to understand the underpinning cause of good and poor performance in totality.

## **9.6 DATA COLLECTION**

It is worth noting that having reviewed scorecards for different stores for the last 7 years (since the concept was first introduced in JS), stirred an interest to understand how the results were interpreted within the business. It never occurred to me how much pressure and anxiety the information on the scorecard was causing to the store and area management team. Time constraints and personal obstacles almost stalled the retrieval and completion of the research; however, the advantage of doing research and working for JS is that it created a lot of opportunities for getting desktop research information, getting interviews with real decision makers and also getting cooperation from the colleagues and store managers who participated in the interviews and the case studies.

Ethical issues became a concern whenever I did stumbled on information which an outside researcher would not have access to and therefore if included in my research would create inconsistency if the case study were to be replicated by an outside researcher. I was mindful that having worked for the company as store manager in both low taking and high taking stores my judgement would be clouded as I could see the contrast in the way other managers were performing their task and their commitment to work. However, continuous discussion with the Area Managers and Area Human Resources Managers from two different Areas reduced the bias and helped to lessen the influence of 'self' on the output of the research.

On a positive note I was overwhelmed by the willingness of the colleagues, store managers', area team and directors' who volunteered to participate in my research study.

The caveat to this was having inside knowledge of how the system works and also interviewing colleagues who thought this would be the best media to vent their frustration. Similarly there were others who only said what they thought was the right thing to say on behalf of the company or what they thought was expected. This was overcome by having a consultation with the area manager and also by referring to desktop research information which contained indisputable secondary data.

Adopting in-depth interview techniques, collecting data via case study and with more practice, meant acquiring critical analysis skills. These skills were the starting point in sifting

through information and differentiate what was relevant to the research and what wasn't. The interview and investigating skills improved over the period of the research as time progressed and I am now able to apply these skills in other management areas like management assessment centre. The competence level of the people who participated in the research varied from very good to poor, in the sense of adding value to the research finding.

## **9.7 RESEARCH FINDINGS**

Additionally all the theoretical knowledge I had acquired during my literature review helped me to do a critical analysis of the benefits of a scorecard. As I went round the different stores, I still had to acknowledge that the strategic business units should be profitably and therefore this should be the primary goal of all store managers. What also lingered in my mind towards the end of the research was the question the HRD posed to me:

***How do we use the small part of the amount allocated to cover bonus wisely, so that extra incentives are given to those who have worked hard and gone the extra mile and are under paid (this was at least implemented this year)?***

I came to terms with myself that there are managers who should not be in the business at all because of the lack of business acumen and there are others that the company can get more out of by placing them in the right stores. The knowledge acquired through reading the literature review on performance management reinforced my argument that the 'one-size-fit-all' performance review form should be discarded. Conversely the leadership team should have more leeway to make a judgement to reward managers and store teams for making an improvement in the performance of the scorecard results. I am now able to link theory with practice

The most valuable input was obtained from the senior leadership team who seem to know much more about great performance management; however, there seem to be a knowledge gap in regard to what a 'great performance review' looked like for those in the lower grades. The investigation skills acquired enabled me to pick only themes and patterns which were relevant to my research out of all the raw data that I had collected.

Contrary to the general theory that low taking stores need less experienced managers, I am convinced that the lower taking stores are faced with more challenges because of the number of colleagues present in the building at any given time; so whilst the higher taking stores

maybe be able to achieve the above easily those taking £50k and below per week may not be able to do so. I was frustrated a bit as I could see that most reviewers were able to make a sound judgement but unless it is made common practice for them to use their judgement, the store managers of the lower taking stores will always feel unjustly rewarded as they are unable to attain the same level of efficiency as those in higher taking store even if they are in the same cluster. However the interview with the HRD revealed that she concurred with the idea of performance reviewers being given more autonomy over the decision making process.

It was also evident that most of the stores (high taking stores) that are performing well have already implemented the theories below. These theories were picked from the performance management literature review and I have also managed to put some into practice as well as shared with some of the managers: There are as follows:

- Shared vision/mission (periodic monthly briefing and 10.30 news) from senior management to colleagues through daily huddles and regular meetings with their key team members;
- Individual performance management targets delegated to the team leaders;
- Regular reviews of achievement of targets with the team leaders and they in turn would review the colleagues under them;
- The store manager was personally involved in the training and development of those under them and they do have a review process to identifying knowledge gaps.

In the past making decision on complex matters was either shunned or left to others, but one behaviour acquired during the study was a strong will. This was stirred up by reading the DBA handbook and assimilating the fact that during and upon completion of the programme one should be able to make informed judgements on complex issues sometimes in the absence of complete data and also should be able to communicate ideas to both specialised and non-specialist audience,

## **9.8 THE FINALE AND PERSONAL DEVELOPMENT**

The final phase involved reading through, reorganising and filtering the whole thesis. Subsequently corrections were made and the chapters were formatted. I am now able draw from my research experience and apply it in my work environment. This was acknowledged

by my area manager during the half performance review. He stated that my approach in regard to running the business has totally changed, as I now make more mature decisions and positive ('can do') statements.

Through assimilating the different theories I came across regarding performance management, and by relating theories to practice I even managed to develop my own performance management model aimed at convenience stores. Significantly I have the confidence to express my views to very senior members of management of JS without feeling out of depth and also to those around me.

I am mindful of how others feel about certain aspects of the policies which I also implement. I am now able to clarify my role as performance reviewer and avoid the pitfalls highlighted in my research paper. During the case study I learnt how to take a step back so as to view problems from an impersonal level and then make decisions which were logical and sustainable. When one researches by way of a case study there is so much information that you come across, one thing I also learnt as my research progressed was to have self-discipline and not just take on everything which was handed to me as some of the data was not relevant to what I was researching.

Constantly checking my progress by reviewing my past performance at work in my personal life to my current life helped to ensure that I was implementing what I was learning and not just to squirrel away. As a result, there is an improvement in the way I articulating my thoughts on paper and the knowledge which I have acquired, I never imagined that I could actually write down and end up with more than 50k words. This has been one of my greatest development as in the past I had exercised string control over my verbal expression.

If I had to redo the DBA programme I would make sure I make all the necessary arrangements at work within the first year and not leave it until the third year. Equally, the intensity of the research work in the last few months has helped me to become more disciplined in my life. I am even more assertiveness than before. The discussions with my supervisors and feedback on my work also enhanced my academic knowledge. Looking back over the last few years, I do not regret having made the decision to embark on the DBA programme as new avenues have been opened both academically and professionally.

The DBA programme has made me a better person, confident and a more knowledgeable manager. Initially, when I thought of doing a DBA it was more to acquire theoretical

knowledge, never thought I would influence any one whilst I was studying. In fact the more knowledge I acquired, the more there was an urge to share with others and the more the inclination to make a difference at my work place.



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## 11 APPENDICES

### APPENDIX 1

#### *Introductory Protocol*

*To facilitate our note-taking, we would like to audio tape our conversations today.*

*Please sign the release form. For your information, only researchers on the project will be privy to the tapes which will be eventually destroyed immediately after the completion of my research studies.. In addition, you must sign a form devised to meet our human subject requirements. Essentially, this document states that: (1) all information will be held confidential, (2) your participation is voluntary and you may stop at any time if you feel uncomfortable, and (3) we do not intend to inflict any harm. Thank you for your agreeing to participate.*

#### **Administrative Consent Form**

##### **Audio Tape Release Form**

I voluntarily agree to be audio taped during the interview being conducted by the [Name and the Organization of the Principle Investigator]. I understand that the tapes will be used to gather information about faculty's academic life, and such information will be used to generate a [possible kinds of work produced out of this project]. The tape will be kept for approximately one year and will be securely stored at [Name of the Organization of the PI]. After the data is collected and transcriptions are made, the tapes will be destroyed.

-----

My Signature

-----

Date

-----

Signature of the Investigator

-----

Date

#### **Refusal to be taped**

I do not agree to be audio taped during the interview conducted by [Name of PI and his/her Organization]. I understand that I will not receive compensation. By refusing to be audio taped, I understand that I may not continue to participate in the study.

-----

**My Signature**

-----

**Date**

-----

**Signature of the Investigator**

**Date**

## APPENDIX 2

### INTERVIEW PROTOCOL FORM

#### J SAINSBURY'S INTERVIEW PROTOCOL

*We have planned this interview to last no longer than half an hour. During this time, we have several questions that we would like to cover. If time begins to run short, it may be necessary to interrupt you in order to push ahead and complete this line of questioning.*

#### *Introduction*

*You have been selected to speak with us today because you have been identified as someone who has a great deal to share about the performance of various convenience stores and store managers. Our research project as a whole focuses on the suggesting ways of improving performance in convenience stores with particular interest in the store that are struggling to achieve their scorecard results. Our study does not aim to evaluate your techniques or experiences, rather, we are trying to learn more about how performance management is perceived in J Sainsbury's and what would facilitate a change in performance.*

*Written and oral reports and other written material coming out of this research will present only aggregate data and information. Your responses will be kept confidential and your name will not be cited.*

SENIOR

MANAGEMENT:

\_\_\_\_\_

Interviewee (Title and Name): \_\_\_\_\_

Interviewer: \_\_\_\_\_

Survey Section Used:

\_\_\_\_\_ A: Interview Background

\_\_\_\_\_ B: Total Quality Management

\_\_\_\_\_ C: Corporate strategy cascading

\_\_\_\_\_ D: Leadership style

\_\_\_\_\_ E: Benchmarking and scorecard

\_\_\_\_\_ F: Processes



**Other Topics Discussed:** \_\_\_\_\_

\_\_\_\_\_

**Documents Obtained:** \_\_\_\_\_

\_\_\_\_\_

**Post Interview Comments or Leads:**

\_\_\_\_\_

## APPENDIX 3

### INTERVIEW PROTOCOL FORM

#### J SAINSBURY'S INTERVIEW PROTOCOL

*We have planned this interview to last no longer than half an hour. During this time, we have several questions that we would like to cover. If time begins to run short, it may be necessary to interrupt you in order to push ahead and complete this line of questioning.*

#### **Introduction**

*You have been selected to speak with us today because you have been identified as someone who has a great deal to share about the performance of various convenience stores and store managers. Our research project as a whole focuses on the suggesting ways of improving performance in convenience stores with particular interest in the store that are struggling to achieve their scorecard results. Our study does not aim to evaluate your techniques or experiences, rather, we are trying to learn more about how performance management is perceived in J Sainsbury's and what would facilitate a change in performance.*

*Written and oral reports and other written material coming out of this research will present only aggregate data and information. Your responses will be kept confidential and your name will not be cited.*

AREA MANAGER: \_\_\_\_\_

Interviewee (Title and Name): \_\_\_\_\_

Interviewer: \_\_\_\_\_

Survey Section Used:

\_\_\_\_\_ A: Interview Background

\_\_\_\_\_ B: Process i.e. FOA, RSS, LTT

\_\_\_\_\_ C: Cascading of strategies

\_\_\_\_\_ D: Management competence and capabilities

\_\_\_\_\_ E: Getting results

\_\_\_\_\_ F: Benchmarking (no specific questions)

Other Topics Discussed: \_\_\_\_\_

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**Documents Obtained:**

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**Post Interview Comments or Leads:**

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## APPENDIX 4

### INTERVIEW PROTOCOL FORM

#### J SAINSBURY'S INTERVIEW PROTOCOL

*We have planned this interview to last no longer than half an hour. During this time, we have several questions that we would like to cover. If time begins to run short, it may be necessary to interrupt you in order to push ahead and complete this line of questioning.*

#### **Introduction**

*You have been selected to speak with us today because you have been identified as someone who has a great deal to share about the performance of various convenience stores and store managers. Our research project as a whole focuses on the suggesting ways of improving performance in convenience stores with particular interest in the store that are struggling to achieve their scorecard results. Our study does not aim to evaluate your techniques or experiences, rather, we are trying to learn more about how performance management is perceived in J Sainsbury's and what would facilitate a change in performance.*

*Written and oral reports and other written material coming out of this research will present only aggregate data and information. Your responses will be kept confidential and your name will not be cited.*

AREA HRM MANAGER: \_\_\_\_\_

Interviewee (Title and Name): \_\_\_\_\_

Interviewer: \_\_\_\_\_

Survey Section Used:

\_\_\_\_\_ A: Interview Background

\_\_\_\_\_ B: Investment in staff

\_\_\_\_\_ C: Productivity

\_\_\_\_\_ D: staff performance in different stores

\_\_\_\_\_ E: Training and development

\_\_\_\_\_ F: Appraisal and reward system

Other Topics Discussed: \_\_\_\_\_

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**Documents Obtained:**

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**Post Interview Comments or Leads:**

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## APPENDIX 5

### INTERVIEW PROTOCOL FORM

#### J SAINSBURY'S INTERVIEW PROTOCOL

*We have planned this interview to last no longer than half an hour. During this time, we have several questions that we would like to cover. If time begins to run short, it may be necessary to interrupt you in order to push ahead and complete this line of questioning.*

#### **Introduction**

*You have been selected to speak with us today because you have been identified as someone who has a great deal to share about the performance of various convenience stores and store managers. Our research project as a whole focuses on the suggesting ways of improving performance in convenience stores with particular interest in the store that are struggling to achieve their scorecard results. Our study does not aim to evaluate your techniques or experiences, rather, we are trying to learn more about how performance management is perceived in J Sainsbury's and what would facilitate a change in performance.*

*Written and oral reports and other written material coming out of this research will present only aggregate data and information. Your responses will be kept confidential and your name will not be cited.*

STORE MANAGER: \_\_\_\_\_

Interviewee (Title and Name): \_\_\_\_\_

Interviewer: \_\_\_\_\_

Survey Section Used:

\_\_\_\_\_ A: Interview Background

\_\_\_\_\_ B: Leadership style and behaviours

\_\_\_\_\_ C: implementation of strategies

\_\_\_\_\_ D: performance - benchmark and scorecard

\_\_\_\_\_ E: staff management - empowerment

\_\_\_\_\_ F: incentives (no specific questions)

Other Topics Discussed: \_\_\_\_\_

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**Documents Obtained:** \_\_\_\_\_

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**Post Interview Comments or Leads:**

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APPENDIX 6

Table 5.1.2b Great place to work Pearson correlation

Correlations					
		job satisfaction	part of a team	learning and development	learn continually
job satisfaction	Pearson Correlation	1	-.143	-.024	-.042
	Sig. (2-tailed)		.426	.889	.811
	N	35	33	35	35
part of a team	Pearson Correlation	-.143	1	.264	.198
	Sig. (2-tailed)	.426		.138	.271
	N	33	33	33	33
learning and development	Pearson Correlation	-.024	.264	1	.573**
	Sig. (2-tailed)	.889	.138		.000
	N	35	33	35	35
learn continually	Pearson Correlation	-.042	.198	.573**	1
	Sig. (2-tailed)	.811	.271	.000	
	N	35	33	35	35

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Case Processing Summary							
		Cases					
		Valid		Missing		Total	
	job satisfaction	N	Percent	N	Percent	N	Percent
learning and development	disagree	1	100.0%	0	.0%	1	100.0%
	neither	2	100.0%	0	.0%	2	100.0%
	agree	16	100.0%	0	.0%	16	100.0%
	strongly disagree	16	100.0%	0	.0%	16	100.0%
learn continually	disagree	1	100.0%	0	.0%	1	100.0%
	neither	2	100.0%	0	.0%	2	100.0%
	agree	16	100.0%	0	.0%	16	100.0%
	strongly disagree	16	100.0%	0	.0%	16	100.0%
part of a team	disagree	1	100.0%	0	.0%	1	100.0%
	neither	2	100.0%	0	.0%	2	100.0%
	agree	14	87.5%	2	12.5%	16	100.0%
	strongly disagree	16	100.0%	0	.0%	16	100.0%



### Tests of Normality<sup>b,c,d,e,f</sup>

		Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
part of a team	agree	.443	14	.000	.576	14	.000
	strongly disagree	.300	16	.000	.794	16	.002
learning and development	agree	.271	16	.003	.793	16	.002
	strongly disagree	.273	16	.002	.788	16	.002
learn continually	neither	.260	2	.			
	agree	.236	16	.017	.808	16	.003
	strongly disagree	.330	16	.000	.778	16	.001

a. Lilliefors Significance Correction

b. part of a team is constant when job satisfaction = disagree. It has been omitted.

c. part of a team is constant when job satisfaction = neither. It has been omitted.

d. learning and development is constant when job satisfaction = disagree. It has been omitted.

e. learning and development is constant when job satisfaction = neither. It has been omitted.

f. learn continually is constant when job satisfaction = disagree. It has been omitted.

### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std.	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
job satisfaction	35	2	5	4.34	.725	-1.129	.398	1.768	.778
part of a team	33	3	5	4.24	.561	.040	.409	-.201	.798
learning and development	35	3	5	4.29	.710	-.480	.398	-.845	.778
responsibility and accountability	35	2	5	4.46	.701	-1.472	.398	3.014	.778
Valid N (listwise)	33								

### Case Processing Summary

		N	%
Cases	Valid	33	94.3
	Excluded(a)	2	5.7
	Total	35	100.0

a. Listwise deletion based on all variables in the procedure.

Appendix 7

Table 5.1.3b Customer Services Pearson Correlation

Case Processing Summary							
		Cases					
		Valid		Missing		Total	
		N	Percent	N	Percent	N	Percent
job satisfaction	customer services disagree	1	100.0%	0	.0%	1	100.0%
	neither	4	100.0%	0	.0%	4	100.0%
	agree	17	100.0%	0	.0%	17	100.0%
	strongly agree	13	100.0%	0	.0%	13	100.0%
adequate resources	disagree	1	100.0%	0	.0%	1	100.0%
	neither	4	100.0%	0	.0%	4	100.0%
	agree	16	94.1%	1	5.9%	17	100.0%
	strongly agree	13	100.0%	0	.0%	13	100.0%

Tests of Normality <sup>b,c</sup>							
Customer services		Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
job satisfaction	Neither	.329	4	.	.895	4	.406
	Agree	.315	17	.000	.785	17	.001
	strongly agree	.431	13	.000	.592	13	.000
adequate resources	neither	.307	4	.	.729	4	.024
	agree	.250	16	.009	.820	16	.005
	strongly agree	.431	13	.000	.592	13	.000

- a. Lilliefors Significance Correction
- b. job satisfaction is constant when customer services = disagree. It has been omitted.
- c. adequate resources is constant when customer services = disagree. It has been omitted.

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std.	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
job satisfaction	35	2	5	4.34	.725	-1.129	.398	1.768	.778
customer serv ices	35	2	5	4.20	.759	-.787	.398	.631	.778
adequate resources	34	3	5	4.03	.674	-.034	.403	-.651	.788
Valid N (listwise)	34								

Case Processing Summary			
		N	%
Cases	Valid	34	97.1
	Excluded <sup>a</sup>	1	2.9
	Total	35	100.0

- a. Listwise deletion based on all variables in the procedure.

### Item Statistics

	Mean	Std. Deviation	N
customer services	4.21	.770	34
adequate resources	4.03	.674	34
job satisfaction	4.35	.734	34

Appendix 8

Job satisfaction (Talkback) analysis based on the survey Pearson Correlations

Table 7.2.2

Case Processing Summary							
		Cases					
		Valid		Missing		Total	
		N	Percent	N	Percent	N	Percent
achieving results	disagree	1	100.0%	0	.0%	1	100.0%
	neither	2	100.0%	0	.0%	2	100.0%
	agree	16	100.0%	0	.0%	16	100.0%
	strongly disagree	16	100.0%	0	.0%	16	100.0%
problem solving	disagree	1	100.0%	0	.0%	1	100.0%
	neither	2	100.0%	0	.0%	2	100.0%
	agree	14	87.5%	2	12.5%	16	100.0%
	strongly disagree	15	93.8%	1	6.3%	16	100.0%
responsibility and accountability	disagree	1	100.0%	0	.0%	1	100.0%
	neither	2	100.0%	0	.0%	2	100.0%
	agree	16	100.0%	0	.0%	16	100.0%
	strongly disagree	16	100.0%	0	.0%	16	100.0%

Tests of Normality <sup>b,c,d,e,f</sup>						
		Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk	
		Statistic	df	Sig.	Statistic	Sig.
achieving results	neither	.260	2	.		
	agree	.382	16	.000	.695	.000
	strongly disagree	.355	16	.000	.746	.001
problem solving	agree	.300	14	.001	.801	.005
	strongly disagree	.238	15	.022	.817	.006
responsibility and accountability	agree	.355	16	.000	.644	.000
	strongly disagree	.314	16	.000	.750	.001

- a. Lilliefors Significance Correction
- b. achieving results is constant when job satisfaction = disagree. It has been omitted.
- c. problem solving is constant when job satisfaction = disagree. It has been omitted.
- d. problem solving is constant when job satisfaction = neither. It has been omitted.
- e. responsibility and accountability is constant when job satisfaction = disagree. It has been omitted.
- f. responsibility and accountability is constant when job satisfaction = neither. It has been omitted.

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std.	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
job satisfaction	35	2	5	4.34	.725	-1.129	.398	1.768	.778
achieving results	35	3	5	4.37	.646	-.531	.398	-.574	.778
problem solving	32	3	5	3.97	.695	.041	.414	-.801	.809
responsibility and accountability	35	2	5	4.46	.701	-1.472	.398	3.014	.778
Valid N (listwise)	32								

**Case Processing Summary**

		N	%
Cases	Valid	32	91.4
	Excluded <sup>a</sup>	3	8.6
	Total	35	100.0

a. Listwise deletion based on all variables in the procedure.

**Item Statistics**

	Mean	Std. Deviation	N
achieving results	4.38	.609	32
job satisfaction	4.34	.745	32
responsibility and accountability	4.44	.716	32
problem solving	3.97	.695	32

Appendix 9

Pearson’s correlation - Colleague Performance reviews Correlations

Table 7.3.4

Correlations					
		commitment	goal setting	colleague reviews	work environment
commitment	Pearson Correlation	1	.404*	.418*	.303
	Sig. (2-tailed)		.022	.015	.087
	N	34	32	33	33
goal setting	Pearson Correlation	.404*	1	.470**	.260
	Sig. (2-tailed)	.022		.007	.151
	N	32	33	32	32
colleague reviews	Pearson Correlation	.418*	.470**	1	.251
	Sig. (2-tailed)	.015	.007		.158
	N	33	32	34	33
work environment	Pearson Correlation	.303	.260	.251	1
	Sig. (2-tailed)	.087	.151	.158	
	N	33	32	33	34

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

Case Processing Summary

		Cases					
		Valid		Missing		Total	
		N	Percent	N	Percent	N	Percent
work environment	colleague reviews						
	neither	9	100.0%	0	.0%	9	100.0%
	agree	17	100.0%	0	.0%	17	100.0%
goal setting	neither	9	100.0%	0	.0%	9	100.0%
	agree	15	88.2%	2	11.8%	17	100.0%
	strongly agree	8	100.0%	0	.0%	8	100.0%
commitment	neither	8	88.9%	1	11.1%	9	100.0%
	agree	17	100.0%	0	.0%	17	100.0%
	strongly agree	8	100.0%	0	.0%	8	100.0%

Tests of Normality

		Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
work environment	colleague reviews						
	neither	.341	9	.003	.760	9	.007
	agree	.323	17	.000	.775	17	.001
goal setting	neither	.269	9	.059	.808	9	.025
	agree	.419	15	.000	.603	15	.000
	strongly agree	.391	8	.001	.641	8	.000
commitment	neither	.391	8	.001	.641	8	.000
	agree	.257	17	.004	.797	17	.002
	strongly agree	.325	8	.013	.665	8	.001

a. Lilliefors Significance Correction

Case Processing Summary

		N	%
Cases	Valid	30	85.7
	Excluded <sup>a</sup>	5	14.3
	Total	35	100.0

a. Listwise deletion based on all variables in the procedure.

Item Statistics

	Mean	Std. Deviation	N
commitment	4.17	.747	30
goal setting	4.27	.691	30
colleague reviews	3.97	.718	30
work environment	4.23	.817	30



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School of Management

## **DOCTORATE IN BUSINESS ADMINISTRATION RESEARCH STUDY**

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### **QUESTIONNAIRE MEASURING PERFORMANCE MANAGEMENT**

We are conducting a research survey as part of the Doctorate in Business Studies. The case study is aimed at identifying the underlying cause of poor performance within the Sainsbury's strategic business units (mainly convenience stores) with a view of suggesting possible solutions.

### **STORE MANAGERS QUESTIONNAIRE**

### **QUANTITATIVE RESEARCH**

What are the performance objectives which J Sainsbury's uses to measure its operation performance in achieving its strategic goal



.....  
.....  
.....  
.....

**CODING - RED WORDS**

Using the scale below, please indicate your response to each of the items that follow, by shading the circle that best describes your response

Scale of 1-5

1= strongly disagree      2 = disagree      3 = neither      4 = agree      5=strongly agree

**charismatic leader**

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 1. Does a charismatic leader present a clear   | 1 | 2 | 3 | 4 | 5 |
| Vision to the subordinate                      |   |   |   |   |   |
| 2. Do charismatic leaders inspire poor         | 1 | 2 | 3 | 4 | 5 |
| Performers to perform better                   |   |   |   |   |   |
| 3. Do charismatic leaders influence            | 1 | 2 | 3 | 4 | 5 |
| Performance.                                   |   |   |   |   |   |
| 4. do colleagues who work under a charismatic  | 1 | 2 | 3 | 4 | 5 |
| perform better                                 |   |   |   |   |   |
| 5. Do charismatic leaders motivate staff to do | 1 | 2 | 3 | 4 | 5 |
| To produce and sustain good performance        |   |   |   |   |   |

**Performance enhancement**

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 6. Does the store manager day to day tasks | 1 | 2 | 3 | 4 | 5 |
| Contribute to the corporate strategies     |   |   |   |   |   |

7. Is the feedback that is obtained internally	1	2	3	4	5
And externally used to improve performance					
8. do operational tasks change according to the	1	2	3	4	5
the changing environment					
9. Is Sainsbury's affected by globalisation	1	2	3	4	5
10. Does empowerment of colleagues improve	1	2	3	4	5
performance					
11. Are ethical issues affecting J Sainsbury's	1	2	3	4	5
12. Is Sainsbury's environmental friendly	1	2	3	4	5

### **Benchmarking**

13. Do benchmark for performance help	1	2	3	4	5
Identify key areas of improvement					
14. Does benchmarking help identify the best	1	2	3	4	5 class
15. does benchmarking provide solutions to	1	2	3	4	5
improve results					
16. Does benchmarking help in identify	1	2	3	4	5
Performance gaps					
17. Would having a training budget encourage					
Store managers to train more staff	1	2	3	4	5
18. Do Area Manager help identify					
Performance gaps	1	2	3	4	5

## **APPENDIX 11**

# **DOCTORATE IN BUSINESS ADMINISTRATION RESEARCH STUDY**

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## QUESTIONNAIRE MEASURING PERFORMANCE MANAGEMENT

We are conducting a research survey as part of the Doctorate in Business Studies. The case study is aimed at identifying the underlying cause of poor performance within the Sainsbury's strategic business units (mainly convenience stores) with a view of suggesting possible solutions.

## COLLEAGUE QUESTIONNAIRE

## QUANTITATIVE RESEARCH

Using the scale below, please indicate your response to each of the items that follow, by shading the circle that best describes your response.

Scale of 1-5

1= strongly disagree    2 = disagree    3 = neither    4 = agree    5=strongly agree

## Motivation to perform

1.	Does empowerment motivate you	1	2	3	4	5
2.	Does having more contact with customers motivate you	1	2	3	4	5
3.	Does having the right number of staff and Equipment motivate you	1	2	3	4	5
4.	Do you enjoy the work that you do	1	2	3	4	5
5.	Do you enjoy being part of the team	1	2	3	4	5
6.	does achieving good results motivate you	1	2	3	4	5
7.	Does learning and development yourself motivate you	1	2	3	4	5
8.	Are you happy when you are involved in Problem solving	1	2	3	4	5
9.	Are you happy when you are made more Responsible and accountable for the job	1	2	3	4	5
10.	Do you think you work well when you Learn continually	1	2	3	4	5
11.	Do you have a sense of ownership and And commitment	1	2	3	4	5

## CPRs/Commitment

12.	Will your performance improve if you helped To establish the targets of your store	1	2	3	4	5
13.	Do colleague performance review help you					

To do your work better	1	2	3	4	5
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14. Does a conducive work environment help in

Working efficiently	1	2	3	4	5
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**APPENDIX 12 – Based on Miles M B., and Huberman M A., (1984) model****RESEARCH FINDING CLUSTER CODING****CORPORATE PERFORMANCE - WHO IS BEING MEASURED**

THEME	CODE	REF NO
CP: Best practice	CP-BSTPRTC	4.2,
CP: Commercial Awareness	CP- COMAWNS	4.2.2, 4.2.3
CP: Continuous Improvement	CP- CNTOSIMP	4.2.2
CP: Core Competence	CP- CORCMPET	4.2.2
CP: Corporate Strategy	CP- CORPSTGY	4.2, 4.2.2, 4.2.3
CP: Distinctive Capability	CP- DISTCAP	4.2.2, 4.2.3
CP: Effective Communication	CP- EFTVCOM	4.2.2, 4.3
CP: Effective Leaders	CP- EFTVLED	4.2.2, 4.2.3, 4.2.4
CP: Effective Planning	CP- EFTVPLN	4.2.2
CP: Emotional Intelligence	CP -EMOITL	4.2.2
CP: Employee morale	CP- EMPMOR	4.2.2
CP: great place to work	CP- GPTW	4.2.2
CP: Influencing skills	CP -INFSKL	4.2.2
CP: Key Performance indicators	CP – KPI	4.2, 4.2.3, 4.3
CP: Leadership Behaviours	CP- LEDBHVR	4.2.2, 4.2.3
CP: Leadership Style	CP- LEDSTL	4.2.2, 4.3
CP: Managing Results	CP- MNGREST	4.2.2, 4.2.3, 4.3
CP: Operational Capabilities	CP- OPSCAP	4.2.2, 4.2.3, 4.3
CP: Organisational Capability	CP- ORGCAP	4.2, 4.2.2, 4.3
CP: Organisational Culture	CP- ORGCULT	4.2.2, 4.3
CP: Organisational Development	CP- ORGDEV	4.2.2, 4.3

CP: Organisational Learning	CP- ORGLRN	4.2.3
CP: Original Problem Solving	CP- ORPRBSLV	4.2.3
CP: Performance Review	CP- PERFREV	4.2.3
CP: Sustainable Performance	CP – SUSPERF	4.2, 4.2.2
CP: Talent Management	CP- TALMNGT	4.2.2, 4.2.3
CP: Traits	CP- TRAT	4.2.2

## **CORPORATE PERFORMANCE - WHAT IS BEING MEASURED**

### **MEASUREMENT CONTENT**

THEME	CODE	REF NO
MC: Balanced scorecard	MC – BALSRC	5.2.2, 5.2.3
MC: Best practice	MC-BSTPRTC	5.3
MC: Colleague morale	MC- COLGMOR	5.2, 5.1.2
MC: Continuous Improvement	MC- CNTOSIMP	5.1.2
MC: Core Competence	MC- CORCMPET	5.1
MC: Distinctive Capability	MC– DISTCAP	5.1
MC: Effective communication/ listening groups	MC- EFTVCOM/LSNGP	5.1.2
MC: great place to work	MC- GPTW	5.1.2
MC: Key Performance indicators	MC – KPI	5.1, 5.1.2 5.1.3, 5.1.5, 5.1.6, 5.1.7, 5.3
MC: Leadership Behaviours	MC- LEDBHVR	5.1.2
MC: Managing Results	MC- MNGREST	5.1
MC: Operational Capabilities	MC- OPSCAP	5.1.5
MC: Organisational Capability	MC- ORGCAP	5.1.4
MC: Organisational Learning	MC- ORLRN	5.3
MC: Performance Review	MC- PERFREV	5.1, 5.1.2

MC: Strategy implementation	MC- STGYIMP	5.1
MC: Talent Management	MC- TALMNGT	5.3
MC: Technical Skills	MC- TECHSKL	5.4.2.1

### CASE STUDY

THEME	CODE	REF NO
CS: Balanced Scorecard –learning behaviours	CS –BALSRCD/LB	6.2, 6.5
CS: Best practice	CS-BSTPRTC	6.2.2
CS: Colleague morale	CS- COLGMOR	6.2.5 6.3.5, 6.2.13, 6.3.13, 6.4.13, 6.4.5
CS: Commercial Awareness	CS- COMAWNS	6.4.3, 6.6
CS: Continuous Improvement	CS- CNTOSIMP	6.2.2, 6.2.12, 6.2.9, 6.3.2, 6.3.12, 6.4.2, 6.3.12
CS: Core Competence	CS- CORCMPET	6.2.10, 6.2.2, 6.3.6, 6.4.5, 6.4.6, 6.4.7
CS: Corporate Strategy	CS- CORPSTGY	6.2.2, 6.2.12, , 6.3.8, 6.5, 6.6
CS: Distinctive Capability	CS– DISTCAP	6.2.10, 6.3.7, 6.4.12
CS: Effective Communication	CS- EFTVCOM	6.2.5, 6.6
CS: Effective Leaders	CS- EFTVLED	6.3.11, 6.4.12
CS: Effective Planning	CS- EFTVPLN	6.2.2, 6.2.11, 6.4.8
CS: great place to work	CS- GPTW	6.2.5, 6.3.5, 6.4.4, 6.4.13
CS: Influencing skills	CS –INFSKL	6.2, 6.4.4
CS: Key Performance indicators	CS – KPI	6.3, 6.4.9, 6.4.10, 6.5
CS: Leadership Behaviours	CS- LEDBHVR	6.2.10, 6.3.13, 6.4.12
CS: Leadership Style	CS- LEDSTL	6.3.13



CS: Managing Results	CS- MNGREST	6.2.2, 6.2.4, 6.2.5, 6.2.7, 6.2.8, 6.2.10, 6.3.7, 6.4.8, 6.4.11
CS: Operational Capabilities	CS- OPSCAP	6.2, 6.2.6, 6.2.9, 6.3.2, 6.3.5, 6.4.6
CS: Organisational Capability	CS- ORGCAP	6.4.2, 6.4.6, 6.4.7, 6.5
CS: Original Problem Solving	CS- ORPRBSLV	6.2.3, 6.2.4, 6.2.7, 6.4.12
CS: Performance Review	CS- PERFREV	6.2.5, 6.2.9, 6.4.11, 6.5
CS: Sustainable Performance	CS – SUSPERF	6.2.10, 6.2.1, 6.3.7, 6.2.9, 6.3.10, 6.4.5, 6.4.8, 6.4.10
CS: Talent Management	CS- TALMNGT	6.2.9, 6.3.9, 6.4.12
CS: Technical Skills	CS- TECHSKL	6.2.1, 6.2.5, 6.2.9, 6.2.2, 6.2.12 6.3.2, 6.3.5, 6.3.12, 6.4.12

## **CORPORATE PERFORMANCE - HOW IS IT BEING MEASURED**

### **PERFORMANCE REVIEWS/BENCHMARKS**

THEME	CODE	REF NO
PRB: Benchmarking	PRB- BNCHMKG	7.1, 7.2, 7.2.1
PRB: Best practice	PRB-BSTPRTC	7.3.2, 7.3.1
PRB: Colleague Morale	PRB- COLGMOR	7.1, 7.3.2, 7.3.3
PRB: Colleague Performance Review	PRB- CPERFREV	7.2, 7.2.1, 7.3.4, 7.3.3
PRB: Commercial Awareness	PRB- COMAWNS	7.1
PRB: Continuous Improvement	PRB- CNTOSIMP	7.1
PRB: Core Competence	PRB- CORCMPET	7.1

PRB: Corporate Strategy	PRB- CORPSTGY	7.1
PRB: Development Needs	PRB- DEVNED	7.1, 7.3.4
PRB: Distinctive Capability	PRB- DISTCAP	7.1
PRB: Effective Communication	PRB- EFTVCOM	7.1, 7.3.3
PRB: Effective Leaders	PRB- EFTVLED	7.1, 7.3.4
PRB: Emotional Intelligence	PRB -EMOITL	7.1, 7.2
PRB: Great place to work	PRB- GPTW	7.2.1, 7.3.1, 7.3.4
PRB: Key Performance indicators	PRB – KPI	7.2.1, 7.3.1, 7.3.2, 7.3.4
PRB: Leadership Behaviours	PRB- LEDBHVR	7.1, 7.2, 7.3.1, 7.3.4
PRB: Leadership Style	PRB- LEDSTL	7.1
PRB: Management performance and development review	PRB- MANPDR	7.1, 7.2, 7.2.1, 7.3.4, 7.3
PRB: Managing Results	PRB- MNGREST	7.1, 7.3.4
PRB: Monitoring through feedback	PRB- MONFDBK	7.2, 7.3.3
PRB: Operational Capabilities	PRB- OPSCAP	7.1, 7.3.4
PRB: Organisational Capability	PRB- ORGCAP	7.1
PRB: Organisational Learning	PRB- ORGLRN	7.2
PRB: Performance review system	PRB- PERFREV/SYS	7.1, 7.2, 7.3.4
PRB: Rewarding system	PRB- REWSYS	7.2, 7.3.1
PRB: Sustainable Performance	PRB – SUSPERF	7.1